

**Objection Deadline: May 6, 2014 at 5:00 p.m. (Eastern Time)**  
**Hearing Date: June 19, 2014 at 10:00 a.m. (Eastern Time)**

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	:	Chapter 11
	:	
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:	Case No. 08-13555 (SCC)
	:	
Debtors.	:	Jointly Administered

**NOTICE OF STONEHILL'S MOTION TO RE-FILE PROOFS OF CLAIM  
TO FIX PREVIOUSLY UNLIQUIDATED CLAIM AMOUNTS OR  
ALTERNATIVELY FOR LEAVE TO FILE AMENDED CLAIMS**

PLEASE TAKE NOTICE that, upon the annexed *Stonehill's Motion to Re-File Proofs of Claim to Fix Previously Unliquidated Claim Amounts or Alternatively for Leave to File Amended Claims* (the "Motion"), and the exhibits thereto, Stonehill Institutional Partners, L.P. ("Stonehill Institutional") and Stonehill Offshore Partners Limited ("Stonehill Offshore" and, together with Stonehill Institutional, "Stonehill"), by their undersigned counsel, hereby move before the Honorable Shelley C. Chapman of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 1004, for an order, in the form annexed to the Motion, authorizing Stonehill to re-file certain timely filed proofs of claim to fix previously unliquidated claim amounts.

PLEASE TAKE FURTHER NOTICE that, any objection or response to the Motion shall be filed with the Court and served upon the undersigned counsel for Stonehill and the above-

captioned debtors and debtors in possession no later than **5:00 p.m. (prevailing Eastern Time)** **on May 6, 2014** (the “Objection Deadline”).

PLEASE TAKE FURTHER NOTICE that, any objection or response to the Motion must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules for the United States Bankruptcy Court of the Southern District of New York, and (i) shall be filed with the Bankruptcy Court electronically pursuant to the Court’s General Order M-399 (which can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)) by registered users of the Bankruptcy Court’s case filing system and, by all other parties in interest, on a CD or flash drive, preferably in Portable Document Format (“PDF”), WordPerfect, or any other Windows-based word processing format; and (ii) a hardcopy of such objection or response shall be served in accordance with General Order M-399, (A) upon the chambers of the Honorable Shelley C. Chapman, One Bowling Green, New York, New York, 10004, Courtroom No. 621; and (B) the undersigned counsel to Stonehill, so as to be actually received no later than the Objection Deadline.

PLEASE TAKE FURTHER NOTICE that, a hearing on the Motion will be held on **June 19, 2014 at 10:00 a.m.** (prevailing Eastern Time) before the Honorable Shelley C. Chapman of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York, 10004.

Dated: New York, New York  
April 15, 2014

DECHERT LLP

By: /s/ Allan S. Brilliant

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Partners Limited*

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SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:	Case No. 08-13555 (SCC)
Debtors.	:	Jointly Administered
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**STONEHILL'S MOTION TO RE-FILE PROOFS OF CLAIM TO  
FIX PREVIOUSLY UNLIQUIDATED CLAIM AMOUNTS OR  
ALTERNATIVELY FOR LEAVE TO FILE AMENDED CLAIMS**

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TO THE HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE:

Stonehill Institutional Partners, L.P. (“Stonehill Institutional”) and Stonehill Offshore Partners Limited (“Stonehill Offshore” and, together with Stonehill Institutional, “Stonehill”), through its undersigned counsel, hereby file this motion (the “Motion”) for an order authorizing Stonehill to re-file (the “Re-Filed Proofs of Claim”) certain timely filed proofs of claim (the “Original Proofs of Claim”) to fix the amounts of claims previously asserted in unliquidated amounts in the Original Proofs of Claim. In support of the Motion, Stonehill respectfully states as follows:

**Relief Requested**

1. Stonehill requests an order authorizing it to file the Re-Filed Proofs of Claim to further detail and fix the amounts of unliquidated claims already asserted therein. The re-filing should not be considered an amendment to the Original Proofs of Claim because:
  - The Original Proofs of Claim provide a detailed factual description of Stonehill’s prime brokerage relationship with Lehman Brothers Inc. (“LBI”) and the other Lehman Debtors (collectively “Lehman”), as well as certain intentional misrepresentations made by Lehman’s representatives. See Attachment (the “Attachment”) to Original Proof of Claim filed by Stonehill Offshore against LB Rose Ranch LLC (Claim no. 19887). ¶¶ 3-14, attached as Exhibit 1 hereto.
  - The Original Proofs of Claim expressly assert any and all claims for damages arising out of that relationship and those misrepresentations, including claims that were not specifically liquidated in the Original Proofs of Claim at the time of filing. See Attachment, ¶¶ 8-14, 18.
  - Claims for diminution of the value of securities caused by LBI’s delay in returning securities to Stonehill—the amounts of which claims Stonehill now attempts to fix—are claims for damages arising out of the prime brokerage relationship and intentional misrepresentations, which are specifically and expressly discussed in the Original Proofs of Claim. See Attachment, ¶¶ 8-14.
2. The relief requested herein is necessary only because, to date, the Plan Administrator has refused to object to the Original Proofs of Claim over two years following the

confirmation of the Plan and over a year from the Plan Administrator's demand for and receipt of discovery regarding the prime brokerage-related claims from Stonehill. Had the Plan Administrator objected, Stonehill would have had the opportunity to prove the entirety of its claims at a trial before this Court, including claims asserted in unliquidated amounts in the Original Proofs of Claim. Instead, the Plan Administrator filed a motion to reduce the reserves established pursuant to the Plan, seeking effectively to cap Stonehill's claims at a level far below their actual value without an objection. That step has forced Stonehill to seek the otherwise unnecessary relief requested herein to preserve the amount of the reserves held by the Debtors for Stonehill's claims and thereby ensure it receives proper distribution.

3. In the alternative, if the Court were to view the Motion as a request to amend the Original Proofs of Claim, the Court should grant Stonehill such relief. Stonehill's claims for the diminution of the value of its securities unquestionably arise from the same facts and allegations detailed in the Original Proofs of Claim, and an amendment will not cause harm to the estates.

4. Moreover, the amendment will actually *benefit* the Debtors and their creditors. Stonehill has asserted claims in liquidated amounts of approximately \$40 million (as well as certain unliquidated claims) against 20 Debtors, and has asserted that each of those Debtors is severally liable for those claims. Thus, as matters currently stand, Stonehill's aggregate liquidated claims total approximately \$800 million (without accounting for the unliquidated portions of the claims). Through this Motion, Stonehill admits that its aggregate claim against all Debtors is no more than \$202 million, thus reducing the Debtors' aggregate exposure by more than \$600 million.

5. Finally, Stonehill has proceeded in good faith with respect to its claims, participating in settlement discussions with the Plan Administrator and providing requested

discovery at various times throughout the process. This resulted in a reasonable belief on Stonehill's part that its claims would either be resolved consensually, or that the Plan Administrator would object to its claims, allowing Stonehill the opportunity to prove those claims before the Court. Accordingly, Stonehill was justified in not seeking to amend its claims prior to the filing of the Motion.

### **Jurisdiction**

6. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B) and (O).

### **Background**

7. The two Stonehill entities are private investment funds managed by Stonehill Capital Management LLC. Prior to the Debtors' Chapter 11 filings, LBI was Stonehill's prime broker. Pursuant to the prime brokerage agreement (the "PB Agreement"), LBI and its affiliates, including the Debtors in these cases, are jointly and severally liable for all damages suffered by Stonehill under the agreement. See Attachment, ¶ 3.

#### **A. The Proofs of Claim**

8. In September 2009, Stonehill timely filed the Original Proofs of Claim asserting, in broad strokes, (a) contractual, tort and equitable claims against all of the Debtors arising from Stonehill's prime brokerage relationship with LBI (the "Prime Brokerage Claims"); and (b) claims against Lehman Brothers Holdings, Inc. ("LBHI"), stemming from LBHI's guarantee of Stonehill's derivatives transactions with Lehman Brothers International (Europe) (the "Guarantee Claims," and together with the Prime Brokerage Claims, the "Stonehill Claims").<sup>1</sup>

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<sup>1</sup> A portion of the claims asserted in Stonehill's Proofs of Claim, arising from derivatives transactions with Lehman Brothers Special Financing Inc. and a guarantee of those transactions by LBHI, was consensually settled, reduced and allowed in 2011 (via a settlement agreement which was approved as part of the order granting the Debtors' 137<sup>th</sup> omnibus objection to claims) and those allowed claims are not at issue here and are not included in the defined term "Stonehill Claims" in this reply.

The Original Proof of Claim filed by Stonehill Offshore against LB Rose Ranch LLC and attached hereto as Exhibit 1, is representative of the Prime Brokerage Claims asserted by Stonehill against all of the Debtors. Annexed to each of the Proofs of Claim is the Attachment which describes at length the basis for LBHI's and its affiliates' liability to Stonehill.

9. The Attachment provides significant factual detail regarding (a) the circumstances of Stonehill's prime brokerage relationship with LBI and damages arising from that relationship and (b) certain material misrepresentations made by Lehman's representatives that caused Stonehill to delay taking action to reduce its commercial exposure to LBI and Lehman, including demanding the return of its securities. See Attachment, ¶¶ 1-14. Specifically, the Attachment provides:

- Each of the Debtors was a party to the PB Agreement, and thus each Debtor is fully liable for all amounts owed to Stonehill in connection with the PB Agreement. Attachment, ¶ 3.
- As Stonehill's sole prime broker, LBI had custody of a substantial portion of Stonehill's assets, including cash and securities. Attachment, ¶ 4.
- As a regulated broker dealer and by virtue of course of conduct, and implied duty of good faith and fair dealing, LBI and the other Debtors had responsibilities not specifically enumerated in the PB Agreement, including the obligation to return cash and securities upon customer demand. Attachment, ¶ 4.
- Two days prior to the commencement of LBI's SIPA proceeding, Stonehill directed LBI to transfer Stonehill's cash and securities to another prime broker. Attachment, ¶ 5.
- In early September 2008, representatives of LBI and/or the other Debtors made material misrepresentations to Stonehill representatives regarding the Lehman entities' financial condition and the stability of LBI's prime brokerage operation at a time when those representatives knew or should have known that the Debtors' liquidity and capital could not continue to support their operations, inducing Stonehill to refrain from terminating its prime brokerage and other relationships with the Debtors and demanding the return of all of its cash and securities. Attachment, ¶¶ 8-14.

10. In each Original Proof of Claim, Stonehill asserted that, as a result of the misrepresentations made by Lehman's representatives, all of the Debtors "are fully liable for any an [sic] all amounts owed to Claimant in connection with the PB Agreement or otherwise arising in connection with Claimant's prime brokerage relationship with Lehman Brothers." See Attachment, ¶ 13.

11. Moreover, each Original Proof of Claim listed claim amounts as "not less than" a liquidated amount that Stonehill was able to calculate at the time of filing, and the Original Proofs of Claim specifically assert, as a component of the Stonehill Claims, claims for:

all direct, indirect, nominal or consequential damages, interest, costs, attorneys' fees, and other amounts owed or owing to it, to the extent recoverable under the applicable agreement and/or applicable law, whether or not liquidated, fixed contingent, matured, unmatured, disputed, undisputed, in law or equity, secured or unsecured, directly or indirectly related to the matters discussed in this Claim.

See Attachment, ¶ 18.

12. Finally, each of the Original Proofs of Claim specifically reserved Stonehill's "rights to supplement or amend this Claim in any and all respects, including liquidating amounts which are presently unliquidated or estimated." See Attachment, ¶ 16; see also ¶ 6 ("Claimant fully reserves the right to amend this Claim to include any and all such amounts as part of its Claim.").

## B. Course of Dealing

13. Certain of the claims filed by Stonehill against the Debtors and LBI were negotiated and settled over different time periods making it impractical to amend the Stonehill Claims at each stage of the proceeding. Certain of Stonehill's [SIPA] claims against LBI were preliminarily resolved on or about June, 2010 and allowed as customer claims on or about September 2013. Stonehill's claim against Lehman Brothers Commercial Paper, Inc. was

partially resolved by a settlement agreement on or about July 15, 2011. Certain portions of Stonehill's claims against LBHI and Lehman Brothers Special Financing Inc. were resolved via termination agreements on or about September 30, 2011.

14. On November 16, 2012, the LBHI, as Plan Administrator (the "Plan Administrator") requested certain discovery from Stonehill pursuant to Federal Rule of Bankruptcy Procedure 2004. On January 17, 2013, Stonehill served objections and responses on the Plan Administrator and provided documents responsive to the discovery requests. Stonehill provided the Plan Administrator additional responsive documents on February 11, 2013.

15. In addition, during the latter part of 2013 and early 2014, Stonehill provided LBHI with calculations of the fixed amounts for the portions of the Stonehill Claims that were unliquidated at the time Stonehill filed the Original Proofs of Claim. Thus, Stonehill communicated to LBHI that the previously unliquidated portion of Stonehill Institutional's claims was now asserted in a fixed amount of \$72,461,764 and the previously unliquidated portion of Stonehill Offshore's claims was now asserted in a fixed amount of \$80,523,963. Those newly-fixed claims were on account of the diminution in value of securities returned by LBI (*i.e.*, the difference between the value of the securities on the petition date and the value of the securities on the date they were returned (the "Diminution Claims")). On January 31, 2014 Stonehill's counsel provided LBHI's counsel with a schedule substantiating the Diminution Claims. The Schedule is attached to the Re-Filed Proofs of Claims.

### C. The Reserve Motion

16. Although the sum of the various components of the Stonehill Claims communicated to the Plan Administrator results in an aggregate claim of over \$200 million,<sup>2</sup> on

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<sup>2</sup> In addition to the amounts discussed in paragraph 11, Stonehill advised LBHI that it has a claim for over \$11 million on account of a foreign exchange derivative claim not paid by LBI as a customer claim in its SIPC

February 20, 2014, the Plan Administrator filed its Motion To Establish Single Reserve For Duplicative Claims [Docket No. 42959] (the “Reserve Motion”), seeking to establish a single reserve in the amount of approximately \$44 million for all of the Stonehill Claims. On February 27, 2014, Stonehill filed its objection to the Reserve Motion [Docket No. 43335], arguing, among other things, that the Plan Administrator was effectively attempting to disallow a portion of the Stonehill Claims by capping the reserves at a level significantly below the actual claim amounts, and that the relief requested was not authorized by the Plan, the Bankruptcy Code, or the Bankruptcy Rules. In its reply to Stonehill’s objection [Docket No. 43386], the Plan Administrator asserted that Stonehill’s claims relating to the diminution of the value of the returned securities are new claims that were not a component of the original Proofs of Claim. As demonstrated herein, this assertion is absurd.

17. After a hearing before the Court on the Reserve Motion, the Plan Administrator and Stonehill agreed on a consent order providing for a reserve of \$55,060,304 on account of Stonehill Offshore’s claims and a reserve of \$48,835,956 on account of Stonehill Institutional’s claims, both of which reserves were reduced from prior reserves to permit a larger April distribution and were subject to substantial reduction if Stonehill did not file this Motion by April 15, 2014. The Court entered the consent order [Docket No. 43571] on March 18, 2014. Pursuant to the consent order, should the Court grant this Motion, the reserve on account of the Stonehill Claims should be increased to account for the \$202 million aggregate exposure of the Debtors to Stonehill.

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proceeding and specifically included in the Stonehill Claims, and additional amounts on account of the guarantee of Stonehill claims against Lehman Brothers International (Europe) (“LBIE”) for approximately \$37 million, which claim is not disputed but has not yet been paid in full by LBIE.

**D. The Re-Filed Proofs of Claim**

18. Through the Motion, Stonehill requests authorization to file the Re-Filed Proofs of Claim,<sup>3</sup> or alternatively, for leave to file amended claims. The Re-Filed Proofs of Claim do not change the substance of the Original Proofs of Claim, but merely (a) fix the amounts of the Diminution Claims; (b) detail and clarify the liability of all Debtors under the PB Agreement, (c) detail and clarify which components of Stonehill's SIPA claims against LBI have been resolved, and (d) detail and clarify the basis for Stonehill's prior assertion of responsibilities resulting from LBI's status as a regulated broker-dealer, including that (i) the PB Agreement obligated the Debtor and Lehman to provide services consistent with the SEC's guidelines on prime brokerage relationships, including the requirement that a broker-dealer return securities upon customer demand, and (ii) under New York state law, LBI was required to act in accordance with its obligations as a bailee of the securities, and therefore to return the securities to Stonehill on demand.

**Argument**

**A. The Diminution Claims Were Asserted In The Proofs Of Claim and No Amendment is Necessary**

19. The Diminution Claims are on account of "any and all amounts owed to [Stonehill] in connection with the PB Agreement or otherwise arising in connection with [Stonehill's] prime brokerage relationship with Lehman Brothers," and "damages ... recoverable under the applicable agreement and/or applicable law." See Attachment, ¶¶ 13, 18. Thus, on the face of the Original Proofs of Claim, Stonehill has already asserted the Diminution Claims, albeit in unliquidated amounts.

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<sup>3</sup> A copy of the proposed Re-Filed Claim by Stonehill Offshore against LB Rose Ranch LLC is representative of the Re-Filed Claims against all of the Debtors (except LBHI, which includes the claims described in footnote 2), and is attached hereto as Exhibit 2.

20. The Attachment provides more than adequate factual detail and allegations to put the Debtors on notice that Stonehill was asserting the Diminution Claims against all of the Debtors, including, but not limited to (a) that each of the Debtors was liable for damages in connection with the prime brokerage relationship, (b) LBI had custody of a substantial portion of Stonehill's cash and securities, (c) LBI had responsibilities as a regulated broker-dealer to return securities upon demand, and (d) Lehman representative's intentional misrepresentations caused Stonehill to delay demanding the return of its property.

21. Thus, the Original Proofs of Claim provide more than enough information for the Debtors to ascertain that Stonehill's assertion of claims for any and all amounts owed in connection with Stonehill's prime brokerage relationship, and any and all amounts recoverable under the PB Agreement or applicable law, included Diminution Claims for lost value due to LBI's delay in returning Stonehill's securities. See In re Hemingway Transport, Inc., 954 F.2d 1, 10 (1st Cir. 1992) (finding creditor was entitled to amend claim to include indemnification rights under a mortgage that served as the basis for the original claim even though original proof of claim did not specifically assert indemnification rights); In re Bloomingdale Partners, 160 B.R. 101, 107-08 (Bankr. N.D. Ill. 1993) (finding proof of claim met the "lenient requirements established by the Code and Rules" where it made a demand on the estate for unliquidated damages and made reference to facts supporting the claim, even though it did not allege specific cause of action); In re McLean Industries, Inc., 121 B.R. 704, 709 (Bankr. S.D.N.Y. 1990) (permitting claimant to amend his claim for personal injury where the original claim provided "reasonable notice of the underlying facts" of the claim).

22. As this Court recognized in In re Best Payphones, Inc., No. 01-15742, 2007 WL 1388103 (Bankr. S.D.N.Y. May 8, 2007), liquidating an unliquidated claim is not an amendment

of that claim. In Best Payphones, a claimant filed a multifaceted proof of claim that included both liquidated and unliquidated claims, and the debtor objected to the proof of claim. See id. at \*5. During the course of litigation, the debtor argued that the claimant's attempt to liquidate its previously unliquidated claims was an untimely claim amendment. See id. at \*21. The court rejected the debtor's argument, stating that "a plan proponent always runs the risk that an unliquidated claim will turn out higher than he thought," and that, under the debtor's theory, "a debtor could simply wait until after confirmation to object to an unliquidated claim, and then argue that any effort to liquidate it would yield an untimely, post-confirmation amendment." Id.; see also In re Sneijder, 407 B.R. 46, 53 n.10 (Bankr. S.D.N.Y. 2009) (stating that secured creditor should file unliquidated unsecured deficiency claims, and that "the problem remains in fixing the amount of the deficiency, but at least the secured creditor avoids the risk of having a motion to file an amended claim denied.").

23. The facts here are substantially similar to Best Payphones. As in that case, Stonehill filed multifaceted Original Proofs of Claim that include unliquidated claims stemming from its prime brokerage relationship with LBI. The Plan Administrator, concerned that the Stonehill Claims are in amounts that are higher than it anticipated,<sup>4</sup> has argued that any attempt to fix the previously unliquidated claims would constitute an untimely amendment or an entirely new claim.<sup>5</sup> The only difference is that here, instead of objecting to the Original Proofs of

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<sup>4</sup> This argument if of course not a reason to limit Stonehill's claims and in any event is wrong. The Re-Filed Proofs of Claim will reduce the Debtors' aggregate exposure from over \$800 million to approximately \$200 million.

<sup>5</sup> In fact, the substance of this Motion would not be at issue if the Plan Administrator, rather than seeking to indirectly cap the Stonehill Claims through the Reserve Motion, had simply objected to the Original Proofs of Claim. At that time, Stonehill would have had the opportunity to prove all of its claims at a trial before this Court, including fixing the amount of the asserted but unliquidated Diminution Claims. Under the reasoning of In re Best Payphones, if the Plan Administrator was to argue that Stonehill's evidence concerning the amount of its unliquidated Diminution Claims in response to an objection, constitutes an improper amendment of the Proofs of Claim, that argument should be rejected.

Claim, the Plan Administrator decided to seek to reduce the reserves that, pursuant to the Plan, are designed to ensure that Stonehill receives a proper distribution. Neither the analysis nor the outcome, however, should change based on the filing of the Reserve Motion: Stonehill is entitled to prove its asserted, unliquidated Diminution Claims in response to a claims objection.

24. Given that the filing of the Reserve Motion created a wrinkle in the procedures by which the Stonehill Claims normally would be resolved, Stonehill requests that the Court allow it to the Re-Filed Proofs of Claim to fix the amount of the unliquidated Diminution Claims. Stonehill submits that such re-filing is not an amendment to the Original Proofs of Claim, but rather is a mere liquidation of the previously filed unliquidated claim—a step made necessary only because the Debtors have not objected to the Original Proofs of Claim and instead have attempted an end run around the proper procedures.

**B. Even If the Court Views the Motion As A Request for Amendment, It Should Grant That Relief**

25. If the Court were to view Stonehill's request to the Re-Filed Proofs of Claim as a request to amend the Original Proofs of Claim, the Court should nevertheless allow such amendment. Courts considering amendments to claims typically engage in a two-part inquiry. First, they examine “whether there was a timely assertion of a similar claim or demand evidencing an intention to hold the estate liable,” and second, they examine whether an amendment would be equitable. Midland Cogeneration Venture L.P. v. Enron Corp. (In re Enron Corp.), 419 F.3d 115, 133 (2d. Cir. 2005).

26. An amendment meets the first threshold, and is “freely allowed,” if it “1) corrects a defect of form in the original claim; 2) describes the original claim with greater particularity; or 3) pleads a new theory of recovery on the facts set forth in the original claim.” Id.; In re

Integrated Res., Inc., 157 B.R. 66, 70 (S.D.N.Y. 1997) (finding that amendments to claims are freely allowed for these purposes).

27. Here, as discussed above, the Original Proofs of Claim set forth more than adequate facts regarding the Debtors' breach of the PB Agreement, the breakdown of the prime brokerage relationship, and Lehman's intentional misrepresentations in the days leading to the Debtors' bankruptcy cases. Moreover, the original Proofs of Claim contain unequivocal statements evidencing Stonehill's intention to hold the Debtors' liable for all claims resulting from those facts. The Diminution Claims are clearly claims that arise from those exact same facts, and are not, as the Plan Administrator has argued, new claims. See In re Integrated Res., Inc., 157 B.R. at 72 (finding that the "conduct, transaction or occurrence" at issue in the amended claim was the same as in the original claim).

28. Thus, if considered amendments, the Court should find that the Re-Filed Proofs of Claim would serve the purposes for which amendments are freely allowed. By fixing the amount of the previously unliquidated Diminution Claims and clarifying the basis for which the Debtors are liable for a delay in returning Stonehill's securities, the Re-Filed Proofs of Claim merely "describe the claim with greater particularity." Further, at most, the Re-Filed Proofs of Claim "plead a new theory of recovery on the facts set forth in the original claim," plainly justifying leave to amend. See Id. ("The appellant's contention that amendment is permissible only if the "underlying causes of action were asserted' in the original proof of claim is contrary to prevailing legal theory."). Accordingly, Stonehill meets the first threshold question with regard to claim amendments.

29. With respect to the second prong of the inquiry—whether allowing the amendment would be equitable—the critical consideration is whether the Debtors or other

creditors will be unduly prejudiced by the amendment. Id. (quoting In re Integrated Res., Inc., 157 B.R. at 70). Courts also consider whether the claimant acted in good faith and the delay was justified. Id.

30. In determining whether prejudice exists, courts have examined “(1) the size of the late claim in relation to the estate, (2) whether a disclosure statement or plan has been filed or confirmed with knowledge of the existence of the claim, and (3) the disruptive effect that the late filing would have on a plan close to completion of upon the economic model upon which the plan was formulated and negotiated.” See In re Ciena Capital LLC, No. 08-13783, 2010 WL 3156538 at \*3 (Bankr. S.D.N.Y. Aug. 10, 2010).

31. Here, as Lehman’s counsel stated at the hearing on the Reserve Motion, the Plan Administrator had distributed over \$60 billion to holders of over 26,150 allowed claims. Since that hearing, the Plan Administrator made its fifth distribution, bringing total distributions to over \$80 billion. Thus, the difference between Stonehill’s liquidated claims against each Debtor of approximately \$40 million and the new fixed amount of approximately \$202 million is minuscule compared to the assets of the estate.<sup>6</sup> With a cap of \$202 million, the Re-Filed Proofs of Claim actually *reduce* the Debtors’ aggregate exposure to Stonehill under the Original Proofs of Claim. Even if that was not the case, however, the amount of the Diminution Claims is not significant enough to have any material effect on the economic model on which the plan is based or the ultimate distributions made in these cases. See Id. (claimants claim was “remarkably small compared to the bankruptcy estate”). In addition, it now appears likely that total allowed claims will be materially less than estimated in the economic model upon which the Plan is based and in the disclosure statement.

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<sup>6</sup> \$162 million is .2% of the total amount distributed in these cases, and a lesser percentage of the overall estate.

32. Moreover, courts' concern with regard to disruption to completion of the claims process in potentially "opening the floodgates" for parties to file late claims, does not appear relevant herein. In re Enron, 419 F.3d at 132. The bar date passed approximately four and half years ago and the case was confirmed over two years ago. It would seem extremely unlikely that amendment of Stonehill's claims will open any floodgates.

33. It bears emphasis that not only would a decision by the Court to allow Stonehill to re-file its Proofs of Claim not result in undue prejudice, it will actually *benefit* the estate. Although Stonehill now concedes that its aggregate claims against all of the Debtors is not more than \$202 million, its Original Proofs of Claim assert liquidated claims of approximately \$40 million, as well as the unliquidated claims asserted therein, against each Debtor both jointly and severally. Due to the asserted several liability, the Stonehill Claims resulted in an aggregate liquidated claim against all of the Debtors of approximately \$800 million (without accounting for the unliquidated portions). Accordingly, the Re-Filed Proofs of Claim will cap the Debtors' aggregate exposure to Stonehill at approximately \$202 million and reduce the overall remaining claims against the estates by approximately \$600 million.

34. Finally, Stonehill has acted in good faith and was justified in not attempting to amend its Proofs of Claim prior to this Motion. First, Stonehill was justified in believing that no amendment was required. The Original Proofs of Claim clearly assert all claims related to the prime brokerage relationship and Lehman's intentional misrepresentations. Stonehill reasonably relied on the explicit language contained in the Original Proofs of Claim resulting in a reasonable expectation that it would have an opportunity to prove those claims after a proper claims' objection.

35. Second, the parties have held discussions at various times since the filing of the Original Proofs of Claim regarding the resolution of the Stonehill Claims. In addition to the negotiation and settlement of certain of Stonehill's claims at various times beginning in June 2010, the Debtors requested, and Stonehill provided, discovery with respect to the Original Proofs of Claim over a year and a half ago. Accordingly, Stonehill proceeded under the justifiable assumption that either the Stonehill Claims would be resolved consensually, or that a claims objection was forthcoming. Thus, course of dealing between the parties separately and additionally justifies any delay in seeking an amendment.

36. For all of the above reasons, to the extent that Stonehill requires an order allowing it to file the Re-Filed Proofs of Claim as amendments to the Original Proofs of Claim, the Court should grant Stonehill such relief.

**C. Stonehill May Hold Each Debtor Liable for up to \$40 Million Subject to Aggregate Cap of \$202 Million**

37. Should the Court conclude that the Re-Filed Proofs of Claim constitute amendments to the Original proofs of Claim and deny Stonehill leave to file such amended claims, Stonehill requests the Court to declare that pursuant to and under the Original Proofs of Claim, as filed, Stonehill may hold each Debtor liable for up to \$40 million, *provided, however,* that Stonehill may not recover more than \$202 million in the aggregate from all Debtors.

38. The Original Proofs of Claim seek to hold each Debtor, jointly and *severally* for an amount of not less than approximately \$40 million. Thus, under the plain terms of the Original Proofs of Claim, as filed, Stonehill may seek to hold each Debtor individually liable for the amount asserted in Original Proof of Claim filed against each such Debtor, *provided however,* that the aggregate distributions to Stonehill on account of all of the Original Proofs of Claim, may not exceed \$202 million.

WHEREFORE, Stonehill respectfully requests that the Court enter the order attached hereto as Exhibit 3, allowing Stonehill to file the Re-Filed Proofs of Claim to fix the amount of its asserted unliquidated Diminution Claims, or in the alternative, allow Stonehill to amend the Original Proofs of Claim, and grant Stonehill such other and further relief as is just.

Dated: New York, New York  
April 15, 2014

DECHERT LLP

By: /s/ Allan S. Brilliant

Allan S. Brilliant  
Shmuel Vasser  
1095 Avenue of the Americas  
New York, New York 10036  
Tel. (212) 698-3500  
Fax. (212) 698-3599

*Attorneys for Stonehill Institutional  
Partners, LP and Stonehill Offshore  
Partners Limited*

**EXHIBIT 1**

Stonehill's Motion to Re-File Proofs of Claim to Fix Previously Unliquidated  
Claim Amounts or Alternatively for Leave to File Amended Claims

**United States Bankruptcy Court/Southern District of New York**  
Lehman Brothers Holdings Claims Processing Center  
c/o Epiq Bankruptcy Solutions, LLC  
FDR Station, P.O. Box 5076  
New York, NY 10150-5076

## PROOF OF CLAIM

In Re: Lehman Brothers Holdings Inc., et al. Debtors.	Chapter 11 Case No. 08-13555 (JMP) (Jointly Administered)
Name of Debtor Against Which Claim is Held <b>LB Rose Ranch LLC</b>	Case No. of Debtor <b>09-10560</b>

Filed: USBC - Southern District of New York  
Lehman Brothers Holdings Inc., Et Al.  
08-13555 (JMP) 0000019887



NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503. Additionally, this form should not be used to make a claim for Lehman Programs Securities (See definition on reverse side.)

Name and address of Creditor: (and name and address where notices should be sent if different from Creditor)

**Stonehill Offshore Partners Limited**  
c/o Stonehill Capital Management LLC  
885 Third Ave., 30th Floor  
New York, NY 10022  
Attn: Paul D. Malek, Esq.

Telephone number: **212-739-7474**

Email Address: *pmalek@stonehillcp.com*

Check this box to indicate that this claim amends a previously filed claim.

**Court Claim Number:** \_\_\_\_\_  
*(If known)*

Filed on: \_\_\_\_\_

Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

Check this box if you are the debtor or trustee in this case.

Name and address where payment should be sent (if different from above)

Telephone number: \_\_\_\_\_

Email Address: \_\_\_\_\_

**1. Amount of Claim as of Date Case Filed: \$ not less than \$23,460,716**

If all or part of your claim is secured, complete Item 4 below; however, if all of your claim is unsecured, do not complete item 4.

If all or part of your claim is entitled to priority, complete Item 5.

If all or part of your claim qualifies as an Administrative Expense under 11 U.S.C. § 503(b)(9), complete Item 6.

Check this box if all or part of your claim is based on a Derivative Contract.\*

Check this box if all or part of your claim is based on a Guarantee.\*

**\*IF YOUR CLAIM IS BASED ON AMOUNTS OWED PURSUANT TO EITHER A DERIVATIVE CONTRACT OR A GUARANTEE OF A DEBTOR, YOU MUST ALSO LOG ON TO <http://www.lehman-claims.com> AND FOLLOW THE DIRECTIONS TO COMPLETE THE APPLICABLE QUESTIONNAIRE AND UPLOAD SUPPORTING DOCUMENTATION OR YOUR CLAIM WILL BE DISALLOWED.**

Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of interest or additional charges. Attach itemized statement of interest or charges to this form or on <http://www.lehman-claims.com> if claim is a based on a Derivative Contract or Guarantee.

**2. Basis for Claim: Prime brokerage agreement (see attachment)**

(See instruction #2 on reverse side.)

**3. Last four digits of any number by which creditor identifies debtor: \_\_\_\_\_**

**3a. Debtor may have scheduled account as: \_\_\_\_\_**  
(See instruction #3a on reverse side.)

**4. Secured Claim (See instruction #4 on reverse side.)**

Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.

Nature of property or right of setoff:  Real Estate       Motor Vehicle       Other

Describe: \_\_\_\_\_

Value of Property: \$ \_\_\_\_\_ Annual Interest Rate \_\_\_\_\_ %

Amount of arrearage and other charges as of time case filed included in secured claim, if any:

\$ \_\_\_\_\_ Basis for perfection: \_\_\_\_\_

**Amount of Secured Claim: \$ \_\_\_\_\_ Amount Unsecured: \$ \_\_\_\_\_**

**6. Amount of Claim that qualifies as an Administrative Expense under 11 U.S.C. §503(b)(9): \$ \_\_\_\_\_**  
(See instruction #6 on reverse side.)

**7. Credits:** The amount of all payments on this claim has been credited for the purpose of making this proof of claim.

**8. Documents:** Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages and security agreements. Attach redacted copies of documents providing evidence of perfection of a security interest. (See definition of "redacted" on reverse side.) If the documents are voluminous, attach a summary.

**DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.**

If the documents are not available, please explain:

Date: 9/21/09	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.
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*PAUL MALEK* General Counsel, STONEHILL CAPITAL MANAGEMENT LLC

*Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.*

**FOR COURT USE ONLY**

<b>FILED / RECEIVED</b>	
SEP 21 2009	
EPIQ BANKRUPTCY SOLUTIONS, LLC	

## INSTRUCTIONS FOR PROOF OF CLAIM FORM

*The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.*

### Items to be completed in Proof of Claim form

#### Name of Debtor, and Case Number:

YOU MUST INDICATE THE SPECIFIC DEBTOR AGAINST WHICH YOUR CLAIM IS ASSERTED, INCLUDING THE NAME OF THE DEBTOR AND THE RELATED CASE NUMBER (DEBTORS AND CASE NUMBERS LISTED BELOW), IN THE SPACE ALLOTTED AT THE TOP OF THE CLAIM FORM.

08-13555	Lehman Brothers Holdings Inc.	08-13905	CES Aviation LLC
08-13600	LB 745 LLC	08-13906	CES Aviation V LLC
08-13885	Lehman Brothers Commodity Services Inc.	08-13907	CES Aviation IX LLC
08-13888	Lehman Brothers Special Financing Inc.	08-13908	East Dover Limited
08-13893	Lehman Brothers OTC Derivatives Inc.	09-10108	Luxembourg Residential Properties Loan Finance S.a.r.l.
08-13899	Lehman Brothers Derivative Products Inc.	09-10137	BNC Mortgage LLC
08-13900	Lehman Commercial Paper Inc.	09-10558	Structured Asset Securities Corporation
08-13901	Lehman Brothers Commercial Corporation	09-10560	LB Rose Ranch LLC
08-13902	Lehman Brothers Financial Products Inc.	09-12516	LB 2080 Kalakaua Owners LLC
08-13904	Lehman Scottish Finance L.P.	08-13664	PAMI Statler Arms LLC

If your Claim is against multiple Debtors, complete a separate form for each Debtor.

#### Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

#### 1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4, 5 and 6. Check the box if interest or other charges are included in the claim.

#### 2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card.

#### 3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

#### 3a. Debtor May Have Scheduled Account As:

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

### DEFINITIONS

#### Debtor

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

#### Creditor

A creditor is the person, corporation, or other entity owed a debt by the debtor on the date of the bankruptcy filing.

#### Claim

A claim is the creditor's right to receive payment on a debt that was owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

#### Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the Claims Agent at the following address:

**Lehman Brothers Holdings Claims Processing  
c/o Epic Bankruptcy Solutions, LLC  
FDR Station, PO Box 5076  
New York, NY 10150-5076**

#### Secured Claim Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

#### Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

#### Claim Entitled to Priority Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured Claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

#### Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

#### Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

#### Derivative Contract

A contract that is any of (i) a "swap agreement" as such term is defined in section 101(53B) of the Bankruptcy Code or (ii) a "forward contract" as such term is defined in section 101(25) of the Bankruptcy Code. A cash-market purchase or sale of a security or loan (i.e. any purchase or sale of a security or loan for settlement within the standard settlement cycle for the relevant market), exchange-traded future or option, securities loan transaction, repurchase agreement in respect of securities or loans, and any guarantee or reimbursement obligations which would otherwise be included in the definition of such terms in the Bankruptcy Code shall not be considered a Derivative Contract for the purposes of this definition nor shall any notes, bonds, or other securities issued by the Debtors or their affiliates (including, but not limited to, Lehman Brothers Holdings Inc., Lehman Brothers Treasury Co. B.V., Lehman Brothers Bankhaus AG, Lehman Brothers Holdings plc, Lehman Brothers Securities N.V., and Lehman Brothers (Luxembourg) Equity Finance S.A.).

#### Guarantee

A promise, representation or agreement to answer for the payment of some debt or the performance of some duty in case of the failure of another person or entity who is liable in the first instance.

#### Lehman Programs Securities

Lehman Programs Securities means those securities included on the Lehman Programs Securities list available on <http://www.lehman-docket.com> as of July 27, 2009.

### INFORMATION

#### Acknowledgment of Filing of Claim

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim, or you may access the Claims Agent's system (<http://www.lehman-docket.com>) to view your filed proof of claim.

#### Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x  
In re: : Chapter 11 Case No.  
: :  
LB Rose Ranch LLC : 09-10560 (JMP)  
: :  
Debtor : (Jointly Administered)  
-----x

ATTACHMENT TO PROOF OF CLAIM OF  
STONEHILL OFFSHORE PARTNERS LIMITED

Stonehill Offshore Partners Limited (“Claimant”) hereby files this claim (the Proof of Claim Form together with this Attachment are referred to herein as the “Claim”) in the chapter 11 case of LB Rose Ranch LLC (the “Debtor”) and, in support of the Claim, represents as follows:

Background

1. Claimant is a private investment fund organized as an exempted company under the laws of the Cayman Islands. Stonehill Capital Management LLC (“SCM”) is Claimant’s investment adviser and an authorized signatory for Claimant.

2. Prior to the commencement of these chapter 11 cases, Claimant had various business relationships with and was party to a number of agreements with the Debtor and its affiliates. A description of certain of these business relationships and agreements and the claims of Claimant against the Debtor arising thereunder is set forth below.<sup>1</sup>

Prime Brokerage

3. *The PB Agreement.* Lehman Brothers Inc. (“LBI”), an affiliate of the Debtor currently in a liquidation proceeding (the “SIPA Proceeding”) under the Securities Investment Protection Act of 1970, as amended (“SIPA”), was Claimant’s sole prime broker until September 17, 2008, two days before commencement of the SIPA

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<sup>1</sup> Stonehill Institutional Partners, L.P., an affiliate of Claimant, was also a party to a number of agreements with the Debtor and its affiliates and is filing separate proofs of claim in these cases. SCM was a signatory for Claimant for various agreements in its capacity as investment adviser and authorized signatory of Claimant.

Proceeding. Claimant was party to a Customer Account Prime Brokerage Agreement (Account No.: 732-40125) (the “PB Agreement”) between Claimant and LBI “as signatory for itself and as agent for the affiliates named herein.” The PB Agreement (Paragraph 1) provides that the parties to the PB Agreement consist of Claimant and “Lehman Brothers Inc., Lehman Brothers International (Europe), Lehman Brothers Finance S.A., Lehman Brothers Special Financing Inc., Lehman Brothers Holdings Inc. [“LBHI”] and any of their subsidiaries, parents, affiliates, divisions, officers, directors, agents and employees now existing or hereafter created.” Such entities are defined as and referred to throughout the PB Agreement collectively and interchangeably as “Lehman Entities” and “Lehman Brothers” and are referred to interchangeably in this Claim as “Lehman Entities” or “Lehman Brothers” (which terms include the Debtor).<sup>2</sup> Thus, the Debtor and its affiliated debtors and debtors-in-possession were parties to the PB Agreement. As a party to the PB Agreement, the Debtor is fully liable for all amounts owed to Claimant in connection with the PB Agreement. A copy of the PB Agreement is attached to this Claim as Exhibit A.

4. As Claimant’s sole prime broker and pursuant to the PB Agreement, LBI had custody of a substantial portion of Claimant’s assets, including both cash and securities, and was “responsible for settling trades executed on [Claimant’s] behalf by [Claimant’s] executing broker(s).” (PB Agreement, Paragraph 21(b)). In addition, the PB Agreement authorized “Lehman Brothers to lend either to itself or to others any securities held by Lehman Brothers in any of [Claimant’s] accounts” but provided that Claimant “will be entitled to receive all distributions, including, but not limited to, cash . . . made on or in respect of any loaned, pledged, repledged, hypothecated or rehypothecated securities.” (PB Agreement Paragraph 19). As a regulated broker dealer and by virtue of course of conduct among the parties, industry practice and custom, and an implied duty of good faith and fair dealing, LBI (as well as the other Lehman Entities) also had responsibilities to Claimant not specifically enumerated in the PB Agreement which

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<sup>2</sup> Although paragraph 21 of the PB Agreement refers specifically to “LBI” in connection with prime brokerage services, as noted above LBI acted as agent for and signed on behalf of the other Lehman Entities in that capacity. In addition, paragraph 4 of the PB Agreement states that the Claimant “and Lehman Brothers intend this Agreement to be a master netting agreement”, which is an additional indication that the parties intended all Lehman Entities to share in the benefits and burdens of the PB Agreement.

provide an additional basis for the claims asserted by Claimant under the PB Agreement. The failure of LBI to return Claimant's cash and securities therefore constituted a breach of the PB Agreement by the Debtor and the other Lehman Entities.

5. *Claims Arising Under PB Agreement.* On September 17, 2008, two days before the commencement of the SIPA proceeding, Claimant directed LBI to transfer Claimant's securities and cash to another prime broker. LBI agreed to effectuate the transfers conditioned on Claimant posting \$5.5 million in cash collateral. On September 17, 2008, the required \$5.5 million was deposited (the "Cash Collateral Deposit") by Claimant with LBI. In October 2008, at the time of the initial delivery by LBI of certain of Claimant's securities to Claimant, LBI conducted an analysis of Claimant's cash balance as of September 19, 2008 (the "True-Up") which resulted in a net amount of \$2,248,173.04 purportedly being owed by Claimant to LBI. That amount was paid by Claimant to the SIPC trustee on October 21, 2008.<sup>3</sup>

6. On January 26, 2009, Claimant filed a proof of claim in the SIPA Proceeding asserting various claims against LBI under SIPA (the "SIPA Claim"). A copy of the SIPA Claim is attached to this Claim as Exhibit B. Between the commencement of the SIPA Proceeding and the date of this Claim, the majority of Claimant's securities and a portion of Claimant's cash have been returned. However, as of the date of this Claim, approximately \$395,473.59 in securities (fair market value as of September 9, 2009) and approximately \$23,065,243.02 in cash continues to be held by LBI. As more fully described in the SIPA Claim, the current balance of the cash component of the SIPA Claim includes the following<sup>4</sup>

- approximately \$257,571.75, the amount of an overpayment by Claimant to the SIPC trustee on October 21, 2008 when Claimant "zeroed out" its LBI cash balance as part of the True-Up (Component 1 of the SIPA Claim);

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<sup>3</sup> Claimant reserved its rights with respect to such payment because Claimant did not agree that it owed the net amount calculated by LBI but did not want to risk delay and potential subsequent failure of LBI to return the securities, which likely would have further damaged Claimant.

<sup>4</sup> Amounts included as component 6 of the SIPA Claim are not included in this Claim because such amounts were solely obligations of LBI. Amounts included as component 7 of the SIPA Claim are not included in this Claim because such amounts were settled with the SIPC Trustee.

- principal, interest and other payments (in various currencies) on securities custodied at LBI that should have been but were not remitted to Claimant as required by the PB Agreement in the following amounts:

USD 6,173,078.91  
GBP 5,262,140.69  
EUR 122,442.03  
CAD 164,576.11

(Component 2 of the SIPA Claim)

- approximately \$418,205.28<sup>5</sup> the amount of misdirected wires sent to LBI after September 19, 2008 through the date of this Claim that should have been but were not remitted to Claimant as required by the PB Agreement (Component 3 of the SIPA Claim);
- \$5,500,000, the Cash Collateral Deposit (Component 4 of the SIPA Claim);
- \$655,000, an amount debited by LBI on August 12, 2008 from Claimant's account for a trade that never settled (Component 5 of the SIPA Claim);
- \$6,135,929.26, the aggregate amount of losses as of September 19, 2008 on foreign currency hedges entered into under the PB Agreement (Component 8 of the SIPA Claim)<sup>6</sup>;
- \$1,788,283.65, the purchase price for bank debt sold by Claimant to a third party, which amount was paid by the third party to LBI, and for which LBI acknowledged receipt, but which was only posted to Claimant's account on October 10, 2008 and was excluded from the True-Up calculation and is owed to Claimant (Component 9 of the SIPA Claim); and
- In addition to the foregoing, interest may be payable or claimable on the cash balances described above, and additional misdirected wires and/or other amounts may have been received by LBI or other Lehman Entities prior to the date hereof or may be received by LBI or other Lehman Entities after the date

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<sup>5</sup> Dollar amount is based on exchange rates as of September 10, 2009.

<sup>6</sup> Although Claimant believes that LBI may have been the only Lehman entity directly involved with the foreign currency hedges, such hedges were entered into under the PB Agreement and are therefore obligations of all of the "Lehman Entities", as noted above.

of this Claim. Claimant fully reserves the right to amend this Claim to include any and all such amounts as part of its Claim. (Component 10 of the SIPA Claim)

7. The amounts described above, in the aggregate equal to approximately \$23,460,716<sup>7</sup> plus the additional unliquidated amounts referenced above, are obligations of the Lehman Entities, including the Debtor, under the PB Agreement.

8. The amounts owed under the PB Agreement discussed above are also recoverable by Claimant as a result of willful and material misrepresentations made by and/or on behalf of the Lehman Entities regarding their financial position and related matters, both publicly<sup>8</sup> and by a senior representative of the Lehman Entities directly to SCM, Claimant's investment adviser. Such misrepresentations induced Claimant (and likely induced similarly situated customers and counterparties of the Lehman Entities) to refrain from terminating Claimant's prime brokerage (and other counterparty) relationships with the Lehman Entities.

9. During a phone call held in early September 2008, shortly before the Lehman chapter 11 filing and the commencement of the SIPA Proceeding, Mr. John Wickham, believed to be head of Lehman Brothers Global Client Services and acting as a representative of the Lehman Entities, called John Motulsky of SCM in response to Mr. Motulsky's voicemail message to Alex Kirk, believed to then be a senior officer of LBHI, asking about the Lehman Entities' financial stability, specifically in connection with the Lehman Entities' prime brokerage and other commercial relationships with Claimant and its affiliates.

10. In response to questions and concerns expressed by Mr. Motulsky regarding the Lehman Entities' financial strength and viability, Mr. Wickham sought to reassure Claimant (through SCM and Mr. Motulsky) regarding the Lehman Entities' financial condition and the stability of its prime brokerage operation. Mr. Motulsky recalls that Mr. Wickham stated that that Lehman had adequate liquidity because unlike

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<sup>7</sup> Foreign currency amounts that comprise component 2 of the SIPA Claim have been converted into US Dollars based on the exchange rate as of the close of business on September 10, 2009.

<sup>8</sup> For example, on an earnings call held on September 10, 2008, five days prior to LBHI's chapter 11 filing, Lehman Brothers' CFO at the time, Ian Lowitt, stated regarding Lehman Brothers' liquidity position that "our liquidity position ... remains very strong."

Bear Stearns it prudently financed its customers with matched funding and had sufficient liquidity from sources it believed to be reliable to meet all of its obligations for a year even if no new financing was available, that it had \$12 billion of surplus cash, and also cited the availability of secured financing from the federal reserve, none of which was used.

11. Mr. Motulsky also recalls that Mr. Wickham also stated that Lehman's unrealized appreciation in various assets (one of which was Neuberger Berman, half of which Mr. Wickham stated might soon be sold at a profit to realize value and add to tangible equity) were more than sufficient to cover possible unrealized losses in its portfolio and provide incremental equity that would be required for a planned spinout of most of Lehman's commercial real estate portfolio, and conveyed a message that Lehman Brothers' prime brokerage operation would continue operating in the normal course, and that Claimant should be comfortable continuing its customer and counterparty relationship with Lehman Brothers.<sup>9</sup> A few days after this conversation the Debtor commenced this chapter 11 case and LBI commenced its SIPA Proceeding.

12. As a result of the material misrepresentations by Lehman Brothers and its representatives to the public, including by Mr. Wickham, who acted with apparent authority on behalf of Lehman Brothers Holdings Inc. and its affiliates, to SCM, Lehman Brothers and their representatives succeeded in persuading the Claimant to refrain from demanding the return of its assets held by LBI and other Lehman Entities and otherwise taking actions to promptly reduce its commercial exposure to Lehman Brothers prior to the effective curtailment of LBI's normal operations and the subsequent commencement of the SIPA Proceeding.

13. Thus, by virtue of the public misrepresentations of Lehman Brothers and private misrepresentations by Mr. Wickham, Lehman Brothers' agent, directly to SCM, which misrepresentations were intended to convince Lehman Brothers' customers and counterparties in general and SCM in particular of the financial stability and health of Lehman Brothers despite the fact that Lehman Brothers' officers knew or should have

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<sup>9</sup> Many of Mr. Wickham's comments appeared to be taken from talking points Mr. Wickham received from the Lehman Entities for communications with customers, rather than being "off the cuff" remarks or Mr. Wickham's personal views regarding Lehman's financial condition.

known that there were substantial risks that Lehman Brothers' liquidity and capital may not continue to support its operations, the Lehman Entities, including the Debtor, are fully liable for any and all amounts owed to Claimant in connection with the PB Agreement or otherwise arising in connection with Claimant's prime brokerage relationship with Lehman Brothers.

14. Claimant is entitled to assert and is asserting against the Lehman Entities, including the Debtor, the full amount of claims arising under the PB Agreement notwithstanding the pending SIPA Claim, provided that Claimant may not recover more than 100% of the amount of such claims.

Reservation of Rights

15. No payments have been made to Claimant on account of the claims asserted herein.<sup>10</sup>

16. Claimant reserves all of its rights to supplement or amend this Claim in any and all respects, including to liquidate amounts which are presently unliquidated or estimated.

17. In the event that the Debtor or any of the other debtors assert or Claimant shall determine that another debtor or other party is obligated or liable for any of the categories of claims and amounts set forth herein, this Claim shall be deemed to have been asserted against such other debtor or other party for such category and amount.

18. To the extent not set forth in this Claim, Claimant also makes claim for all direct, indirect, nominal or consequential damages, interest, costs, attorneys' fees, and other amounts owed or owing to it, to the extent recoverable under the applicable agreement and/or applicable law, whether or not liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, in law or equity, secured or unsecured, directly or indirectly related to the matters discussed in this Claim. Claims for amounts asserted herein which are or could be deemed to be postpetition interest under the Bankruptcy code are asserted to the extent allowed under the Bankruptcy Code and applicable non-bankruptcy law.

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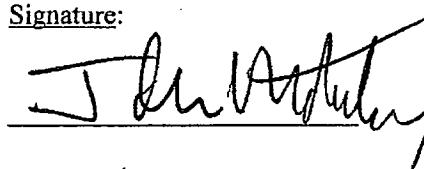
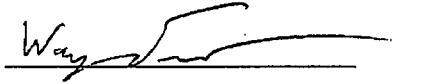
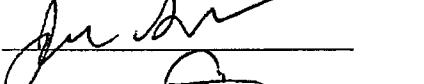
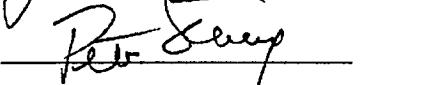
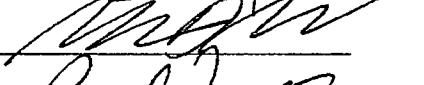
<sup>10</sup> Claimant has received distributions in the SIPA Proceeding on account of its SIPA Claim, but such claim has not been paid in full.

19. The filing of the Claim is not and shall not be deemed or construed as consent by Claimant to the jurisdiction of this Court or any other court with respect to proceedings, if any, commenced in any case against or otherwise involving Claimant.

20. Neither the substance nor the act of filing this claim, nor any later appearance, pleading, claim, or action in these cases, is intended or shall be deemed to be a waiver, release, or modification by Claimant of its (a) right to have final orders in non-core matters entered after de novo review by a District Judge; (b) right to trial by jury in any proceeding so triable in this case or any case, controversy or proceeding related to these cases; (c) rights under the applicable safe harbor provisions of the Bankruptcy Code; (d) right to seek to have the District Court withdraw the reference in any matter subject to mandatory or discretionary withdrawal; or (e) other rights, remedies, claims, actions, defenses, setoffs or recoupments to which Claimant is or may be entitled, all of which are hereby expressly reserved.

**CERTIFICATE OF INCUMBENCY  
OF  
STONEHILL OFFSHORE PARTNERS LIMITED  
(the "Company")**

I, Steven D. Nelson, the Chief Financial Officer of Stonehill Capital Management LLC ("SCM"), the Company's investment adviser, hereby certify that: (i) SCM and Mr. Geoff Ruddick are the only directors of the Company as of July 13, 2009; (ii) SCM is an authorized signatory of the Company pursuant to the Company's constituent documents and an Investment Management Agreement, dated as of May 1, 2009, between the Company and SCM; (iii) the following individuals are authorized signatories of SCM and the Company; and (iv) true specimens of the signatures of such individual authorized signatories are set forth below:

<u>Name:</u>	<u>Title:</u>	<u>Signature:</u>
John A. Motulsky	Managing Member, SCM	
Christopher E. Wilson	Managing Member, SCM	
Wayne J.D. Teetsel	Managing Member, SCM	
Thomas Varkey	Managing Member, SCM	
Jonathan S. Sacks	Managing Member, SCM	
Peter M. Sisitsky	Managing Member, SCM	
Steven D. Nelson	Chief Financial Officer, SCM	
Paul D. Malek	General Counsel, SCM	

Dated: July 13, 2009

  
\_\_\_\_\_  
Steven D. Nelson  
Chief Financial Officer,  
Stonehill Capital Management LLC,  
the Company's Investment Adviser

*NOTARY ACKNOWLEDGEMENT ON FOLLOWING PAGE*

ACKNOWLEDGEMENT

State of New York )  
                      )ss  
County of New York )

On July 13, 2009, before me Ann Kalter, Notary Public in and for said county, personally appeared Steven D. Nelson, who has satisfactorily identified himself as the signatory of the Incumbency Certificate of Stonehill Offshore Partners Limited.

Ann F. Kalter  
Notary Public

**ANN F. KALTER**  
NOTARY PUBLIC, STATE OF NEW YORK  
NO. 01KA5083975  
QUALIFIED IN KINGS COUNTY  
**COMMISSION EXPIRES AUGUST 25, 2009**

## **EXHIBIT A**

**Customer Account  
Agreement Prime  
Brokerage**

**LEHMAN BROTHERS INC.**

Lehman Brothers Inc.  
745 Seventh Avenue  
New York, NY 10019  
(212) 526-7000

Stonehill Offshore Partners LTD

Account No.: 732-40125

**Please Read Carefully, Sign and Return**

This agreement ("Agreement") sets forth the terms and conditions under which Lehman Brothers (as defined below) will open and maintain prime brokerage account(s) in your name and otherwise transact business with you as our customer. Throughout this Agreement references to "you" and "your" refer to you as our customer.

In consideration of Lehman Brothers opening a prime brokerage account for you, you agree to the following:

**1. PARTIES.** A prime brokerage account opened pursuant to this Agreement will be opened at Lehman Brothers Inc. ("LBI"). All transactions, agreements and contracts between you and Lehman Brothers have been entered into in consideration of each other. You hereby agree that the parties to this Agreement shall consist of you and Lehman Brothers Inc., Lehman Brothers International (Europe), Lehman Brothers Finance S.A., Lehman Brothers Special Financing Inc., Lehman Brothers Holdings Inc. and any of their subsidiaries, parents, affiliates, divisions, officers, directors, agents and employees now existing or hereafter created, including successors and assigns (each such entity or person being referred to hereinafter as "Lehman Brothers" or a "Lehman Brothers Entity," unless otherwise specified, and all such entities or persons being collectively referred to hereinafter as "Lehman Brothers"). Unless you advise Lehman Brothers in writing to the contrary, you represent that you are not an affiliate (as defined in Rule 144(a)(1) under the U.S. Securities Act of 1933 as may be amended, modified or supplemented) of the issuer of any security held in any account opened hereby. You represent and warrant to Lehman Brothers that you are either (i) not (A) an employee benefit plan (an "ERISA Plan") as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or (B) subject to ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or (ii) (A) an ERISA Plan or subject to ERISA or Section 4975 of the Code and (B) whose Investment Manager or General Partner is (and you covenant and agree that any successor Investment Manager or General Partner appointed by you will be) a Qualified Professional Asset Manager ("QPAM") as defined by the relevant prohibited transaction class exemption(s) issued pursuant to ERISA and you will provide Lehman Brothers with a QPAM Representation Letter.

**2. APPLICABLE LAWS, RULES AND REGULATIONS; SEVERABILITY.** All transactions under this Agreement shall be subject to the applicable laws, rules and regulations of all U.S. and, if applicable, non-U.S. federal, state and self-regulatory authorities, including, but not limited to, the rules and regulations of the Board of Governors of the Federal Reserve System of the United States and the constitution, rules and customs of the exchange or market (and clearing house) where such transactions are executed or settled. In the event of any conflict between any such present or future laws, regulations and rules and the terms of this Agreement, the provision(s) of this Agreement so affected shall be deemed modified or superseded to conform to such laws, regulations and rules, but the remaining provisions of this Agreement shall remain in full force and effect.

**3. SECURITY INTEREST AND LIEN; REGISTRATION OF SECURITIES.** As security for the payment and performance of all of your obligations and liabilities from time to time outstanding to any Lehman Brothers Entity, whether under this Agreement or otherwise, each Lehman Brothers Entity shall have a continuing lien and first priority security interest in all your Assets, defined as (i) all property in which you now have or hereafter acquire an interest which is now or hereafter held by or through any Lehman Brothers Entity, including, but not limited to, any and all securities, accounts, instruments, documents, contract rights, contracts (including, but not limited to, open transactions, securities purchase or sale contracts, agreements to lend cash or securities, commodity contracts, futures contracts, forward contracts, repurchase agreements, swap agreements, contracts for differences or any other agreement, without regard to the form of such agreement which may include oral

agreements or agreements confirmed or signed by only one party to the agreement and agreements entered into or signed by a Lehman Brothers Entity on your behalf) (hereinafter "Contracts"), commercial paper and other securities, monies, deposit accounts and general intangibles (including all security entitlements in respect thereof, all income and profits thereon, all dividends, interest and other payments and distributions with respect thereto and all proceeds from any of the foregoing), and (ii) any and all rights, claims or causes of action you may now or hereafter have against any Lehman Brothers Entity. The continuing lien and first priority security interest shall apply to all such Assets, which from time to time may be deposited or credited to any account you may have with a Lehman Brothers Entity, be held or carried by a Lehman Brothers Entity for you, be due from a Lehman Brothers Entity to you, or be delivered to or in a Lehman Brothers Entity's possession or control for any purpose, including safekeeping. Such continuing lien and first priority security interest shall apply irrespective of whether or not Lehman Brothers has made advances in connection with such Assets, the number of accounts you have with Lehman Brothers or which particular Lehman Brothers Entity holds such Assets. You hereby acknowledge and agree that all such Assets held by or through any Lehman Brothers Entity are held as collateral by such Lehman Brothers Entity as agent and bailee for itself and all other Lehman Brothers Entities and, as such, each Lehman Brothers Entity shall comply with any orders or instructions originated by any other Lehman Brothers Entity with respect to or in connection with such collateral without your further consent. You and Lehman Brothers agree that all such Assets held in or credited to any account will be treated as financial assets under Article 8 of the Uniform Commercial Code as in effect in the State of New York (the "UCC") and that any account maintained by you with any Lehman Brothers Entity shall be a securities account under Article 8 of the UCC. In the event of a breach or default by you, a Lehman Brothers Entity shall have, in addition to the rights and remedies provided in this Agreement, all rights and remedies available to a secured creditor under the UCC and any other applicable law. You represent that all of the above-described Assets shall at all times be free and clear of all liens, claims and encumbrances of any nature other than the security interest created hereby. Assets consisting of securities shall be delivered in good deliverable form (or Lehman Brothers shall have the unrestricted power to place such securities in good deliverable form) in accordance with the requirements of the primary market for these securities. In addition, in order to satisfy any of your outstanding liabilities or obligations to any Lehman Brothers Entity, each Lehman Brothers Entity may, to the fullest extent permitted by law, at any time in its discretion and without prior notice to you, use, apply or transfer any and all securities or other property or Assets (including, without limitation, fully-paid securities and cash). You hereby agree that, except as otherwise specifically agreed in writing, each Lehman Brothers Entity may register and hold the securities and other property or Assets in your accounts in its name or the name of its designee. You shall execute such documents and take such other action as such Lehman Brothers Entity shall reasonably request in order to perfect its rights with respect to any of the Assets. In addition, you appoint Lehman Brothers as your attorney-in-fact to act on your behalf to sign, seal, execute and deliver all documents and do all such acts as may be required to realize upon any of Lehman Brothers' rights in the Assets.

**4. BREACH, BANKRUPTCY OR DEFAULT.** If you shall:

- (i) breach, repudiate or default under this Agreement or any Contract with any Lehman Brothers Entity, whether heretofore or hereafter entered into;
- (ii) make or repeat any misrepresentations in connection with this Agreement or any Contract with any Lehman Brothers Entity;
- (iii) state that you will not perform any obligation to any Lehman Brothers Entity;
- (iv) apply for, consent to or be the subject of an application or petition for the appointment of or the taking of possession by a receiver, custodian, trustee, liquidator or similar persons of yourself or of all or a substantial part of your property;
- (v) admit in writing your inability, or become generally unable, to pay your debts as such debts become due or give Lehman Brothers other grounds for insecurity, as determined by Lehman Brothers in its sole and absolute discretion (including, without limitation, death; mental incompetence; dissolution; the appointment of a receiver by or against you, any guarantor, co-signer or other party liable on or providing security for your obligations to any Lehman Brothers Entity or the attachment against your or such other party's account(s) with any Lehman Brothers Entity; or any indication of your refusal or inability to satisfy promptly any Margin Call (as defined below) or other obligation);

- (vi) make a general assignment for the benefit of your creditors; or
- (vii) file or be subject of the filing or entry of a petition or order for relief or be subject of the commencement of a proceeding regarding reorganization, bankruptcy, liquidation, dissolution or insolvency;

then, any such event shall constitute, at Lehman Brothers' election, a default by you under this Agreement and any or all Contracts you may then have with any Lehman Brothers Entity, whether heretofore or hereafter entered into. In the event of any such default, each Lehman Brothers Entity shall have all of the rights of a secured party upon default under the UCC and other applicable laws, rules and regulations, including, without limitation, the right, without prior notice to you, to sell any and all Assets in which you have an interest (including, without limitation this Agreement and any Contract) held by or through any Lehman Brothers Entity (either individually or jointly with others), to buy any or all property which may have been sold short, to exercise any and all options and other rights, to accelerate, cancel, terminate, liquidate, close out and net the settlement payments and/or delivery obligations under any or all outstanding transactions and/or to purchase or sell any other securities or property to offset market risk, and to set off or offset any obligation owing by any Lehman Brothers Entity to you against any obligations owing by you to any Lehman Brothers Entity, after which you shall be liable to Lehman Brothers for any remaining deficiency, loss, costs or expenses incurred or sustained by Lehman Brothers in connection therewith. Such purchases and/or sales may be effected publicly or privately without notice or advertisement in such manner as Lehman Brothers may in its sole discretion determine. At any such sale or purchase, any Lehman Brothers Entity may purchase or sell the property to or from itself or third parties free of any right of redemption and you shall remain liable to Lehman Brothers for any deficiency; it being understood that a prior tender, demand or call of any kind from Lehman Brothers, or prior notice from Lehman Brothers, of the time and place of such sale or purchase shall not be considered a waiver of Lehman Brothers' right to buy or sell any securities, commodities or other property or Asset held by Lehman Brothers, or which you may owe to Lehman Brothers. In addition, each Lehman Brothers Entity shall have the right, at any time and from time to time, to set off and otherwise apply any and all amounts owing by such Lehman Brothers Entity to you or for your account against any and all amounts now or hereafter owing by you to any Lehman Brothers Entity (including, without limitation, any indebtedness in your accounts), whether matured or unmatured, fixed, contingent or otherwise and irrespective of whether any Lehman Brothers Entity shall have made any demand therefor. Lehman Brothers agrees to notify you of any such set-off and application, provided, however, that the failure to give such notice shall not affect the validity of any such set-off and application. You agree that any obligation of a Lehman Brothers Entity to you shall be subject to there being no breach, repudiation, misrepresentation or default (however characterized) by you which is continuing under any Contract with a Lehman Brothers Entity. You and Lehman Brothers intend this Agreement to be a master netting agreement.

**5. ADEQUATE ASSURANCES.** Subject to, and not as a limitation of, the rights of Lehman Brothers under this Agreement, if at any time Lehman Brothers has reasonable grounds for insecurity with respect to your performance of any of your obligations, Lehman Brothers may demand, and you shall give, adequate assurance of due performance within 24 hours, or within any shorter period of time Lehman Brothers demands that is reasonable under the circumstances. The adequate assurance of performance that may be demanded by Lehman Brothers may include, but shall not be limited to, the delivery by you of additional property as collateral.

**6. EXECUTION FEES AND SERVICE CHARGES.** You understand that your account(s) will be charged brokerage commissions or mark-ups/mark-downs in connection with the execution of transactions ("Execution Fees") and may be charged certain other fees for custody and other services furnished to you ("Service Fees"). You further understand that Execution Fees may be changed from time to time upon prior written notice to you and that Service Fees may be changed from time to time upon prior written notice to you and, in each case, you agree to be bound thereby.

**7. AMOUNTS OWED; TRUTH-IN-LENDING.** You hereby acknowledge receipt of Lehman Brothers' Truth-in-Lending disclosure statement. You understand that interest will be charged on any amount you owe in your account(s) in accordance with the methods described in such statement or in any amendment or revision thereto which may be provided to you. Any amount due which is not paid at the close of an interest period will be added to the opening balance for the next interest period.

**8. COLLECTION AND OTHER ACCOUNT-RELATED COSTS.** You hereby agree to pay, on demand, all reasonable costs, liabilities and damages incurred by Lehman Brothers (including, without limitation, costs of

collection, attorneys' fees, court costs and other expenses) in connection with (i) enforcing its rights hereunder, (ii) any investigation, litigation or proceeding involving your account or any property therein (including, without limitation, claims to such property by third parties), (iii) your use of or access to any Lehman Brothers or third-party system or (iv) Lehman Brothers' acting in reliance upon instructions, including, but not limited to, instructions transmitted via electronic means, including facsimile or electronic mail, from you or your authorized agents (including investment managers or advisers). In each case and whether or not demand has been made therefor, you hereby authorize Lehman Brothers to charge your account(s) for any and all such costs, liabilities and damages, including, without limitation, those incurred in connection with the liquidation of any of your Assets.

**9. IMPARTIAL LOTTERY ALLOCATION.** You agree that, in the event Lehman Brothers holds on your behalf securities in its name, in the name of its designee or in bearer form which are called in part, you will participate in the impartial lottery allocation system for such called securities in accordance with the rules of The New York Stock Exchange, Inc. or any other appropriate self-regulatory organization. When any such call is favorable, no allocation will be made to any account in which, to the knowledge of Lehman Brothers, any officer, director or employee of Lehman Brothers has any financial interest until all other customers have been satisfied on an impartial lottery basis.

**10. SECURITIES EVENTS.** Lehman Brothers shall inform you if Lehman Brothers becomes aware of the occurrence or prospective occurrence of any of the following with respect to any securities in your account(s): conversions, subdivision or consolidation; redemption; a takeover offer; calls, including calls on partly-paid securities and published calls; a capitalization issue; rights issue; distribution of income in the form of securities; or a certificate which may at a future date be exchanged for securities or an entitlement to acquire securities. Subject to Section 19 herein, if Lehman Brothers receives notice from you that you wish to act on any of the events referenced in this section and such notice is received by Lehman Brothers within a reasonable time for Lehman Brothers to act on such event, Lehman Brothers will act in accordance with your wishes. You represent that you review all prospectuses and offering statements that you may receive and understand the risks inherent with your securities transactions, including any risks associated with the above-described securities events.

**11. VOTING RIGHTS.** If any right to vote arises with respect to securities in your account, you may inform Lehman Brothers that you wish to exercise such right as you specify. Subject to Section 19 hereof, if Lehman Brothers receives this notice within a reasonable time to act, it will act in accordance with your wishes. If Lehman Brothers does not receive such timely notice from you, it will use its discretion to decide whether and how to vote such securities.

**12. WAIVER, ASSIGNMENT AND NOTICES.** Neither Lehman Brothers' failure to insist at any time upon strict compliance with this Agreement or with any of the terms hereof nor any continued course of such conduct on its part shall constitute or be considered a waiver by Lehman Brothers of any of its rights or privileges hereunder. Any purported assignment of your rights and/or obligations hereunder without obtaining the prior written consent of an authorized representative of Lehman Brothers shall be null and void. Each Lehman Brothers Entity reserves the right to assign any of its rights or obligations hereunder or under any Contract to any other Lehman Brothers Entity without prior notice to you. Notices and other communications to you (including, without limitation, Margin Calls) that are sent by electronic means, including facsimile or electronic mail, sent by express delivery service or mailed, in each case to the address or number provided by you, shall, until the respective Lehman Brothers Entity has received notice in writing of a different address or number, be deemed to have been personally delivered to you. Margin Calls may also be communicated orally, without subsequent written confirmation.

**13. FREE CREDIT BALANCES.** You hereby authorize Lehman Brothers to use any free credit balance awaiting investment or reinvestment in your account(s) in accordance with all applicable rules and regulations and to pay interest thereon at such rate or rates and under such conditions as are established from time to time by Lehman Brothers for such account(s) and for the amounts of cash so used.

**14. RESTRICTIONS ON ACCOUNT.** You understand that Lehman Brothers, in its sole and absolute discretion, may restrict or prohibit trading of securities or other property in your account(s) and may terminate your account(s), and you shall nevertheless remain liable for all of your obligations to the Lehman Brothers Entities under this Agreement or any Contract. In the event that Lehman Brothers, in its sole and absolute discretion, determines to

impose such restrictions on your account(s) due to credit, margin, legal, regulatory, money laundering or other concerns, Lehman Brothers shall be under no obligation to provide you with prior notice of such restriction.

**15. CREDIT INFORMATION AND INVESTIGATION.** You authorize Lehman Brothers, in its discretion, at any time and from time to time, to make or obtain reports concerning your credit standing and business conduct (including, but not limited to, obtaining audited account statements, if such are available). You may make a written request for a description of the nature and scope of the reports made or obtained by Lehman Brothers and the same will be provided to you within a reasonable period of time.

**16. SHORT AND LONG SALES.** In placing any sell order for a short account, you will designate the order as such and hereby authorize Lehman Brothers to mark the order as being "short". You are required to and will comply with all applicable rules and regulations relating to short sale transactions. In placing any sell order for a long account, you will designate the order as such and hereby authorize Lehman Brothers to mark the order as being "long". The designation of a sell order as being for a long account shall constitute a representation by you that you own the security with respect to which the order has been placed, that such security is not restricted under Rules 144 and/or 145 under the U.S. Securities Act of 1933 (as may be amended, modified or supplemented) or any other applicable law, rule or regulation and, as such, may be sold without restriction in the open market and that, if Lehman Brothers does not have the security in its possession at the time you place the order, you shall deliver the security by settlement date in good deliverable form or pay to Lehman Brothers any losses and expenses it may incur or sustain as a result of your failure to make delivery on a timely basis.

**17. MARGIN ACCOUNTS.** All Loans made hereunder are demand loans. You hereby agree to deposit and maintain such cash or collateral as margin in your margin accounts, if any, as Lehman Brothers may in its sole discretion require, and you agree to pay forthwith on demand any amount owing with respect to any of your margin accounts to satisfy Lehman Brothers' demand for such payment (a "Margin Call"). In addition, you further agree to deposit promptly and maintain such other collateral with Lehman Brothers as is required by any Contract you may have with any Lehman Brothers Entity. Upon your failure to make any such payment or deposit, or if at any time Lehman Brothers, in its sole discretion, deems it necessary for its protection, whether with or without prior demand, call or notice, Lehman Brothers shall be entitled to exercise all rights and remedies provided herein. No demands, calls, tenders or notices that Lehman Brothers may have made or given in the past in any one or more instances shall invalidate your waiver of the requirement to make or give the same in the future.

**18. SECURITIES CONTRACTS.** You acknowledge and agree that any positions in your account(s) shall be deemed "securities contracts" within the meaning of Sections 555 and 741(7) (as may be amended, modified or supplemented) of the U.S. Bankruptcy Code.

**19. CONSENT TO LOAN OR PLEDGE OF SECURITIES IN MARGIN ACCOUNTS.**

(a) Except as noted in subparagraph (b) below, within the limits of applicable law and regulations, you hereby authorize Lehman Brothers to lend either to itself or to others any securities held by Lehman Brothers in any of your accounts, to convey therewith all attendant rights of ownership (including voting rights and the right to transfer the securities to others), and to use all such property as collateral for its general loans. Any such property, together with all attendant rights of ownership, may be pledged, repledged, hypothecated or rehypothecated either separately or in common with other property for any amounts due to Lehman Brothers thereon or for a greater sum, and Lehman Brothers shall have no obligation to retain a like amount of similar property in its possession and control. You hereby acknowledge that, as a result of such activities, Lehman Brothers may receive and retain certain benefits to which you will not be entitled. In certain circumstances, such loans, pledges, repledges, hypothecations or rehypothecations may limit, in whole or in part, your ability to exercise voting and other attendant rights of ownership with respect to the loaned or pledged securities. You agree to waive the right to vote, or to provide any consent or to take any similar action with respect to these securities in the event that the record date or deadline for such vote, consent or other action falls during the period of any such loan, pledge, repledge, hypothecation or rehypothecation.

(b) Unless otherwise agreed by Lehman Brothers and you, you will be entitled to receive all distributions, including, but not limited to, cash, stock dividends and interest payments, made on or in respect of any loaned, pledged, repledged, hypothecated or rehypothecated securities which are not otherwise received by you, to the full

extent you would be entitled if the securities had not been loaned, pledged, repledged, hypothecated or rehypothecated.

**20. OPTIONS POSITIONS.** You represent and warrant not to enter into any purchase or sale of equity, debt, foreign currency or index put or call options without having read and fully understood the terms, conditions and risks as set out in the Characteristics and Risks of Standardized Options booklet and applicable supplements. You understand that short options positions are assigned on an automated random basis and may be assigned on the day written. You will notify Lehman Brothers of your intention to exercise listed options no later than two hours before the expiration time of the option (one hour in the case of an over-the-counter option). Failure to give such notice will constitute an abandonment of the option, in which case Lehman Brothers may, but shall be under no obligation to, exercise the option.

**21. PRIME BROKERAGE SERVICES.** Under the terms and conditions of this Agreement, LBI will act as a prime broker for you in accordance with the no-action letter of the Securities and Exchange Commission dated January 25, 1994, as such letter may be amended, modified or supplemented from time to time (the "SEC Letter") and the provisions set forth below:

(a) LBI will, subject to the terms and conditions of this Agreement, accept for clearance and settlement trades executed on your behalf by such executing brokers as you may designate from time to time and who have received LBI's prior approval and who have previously executed an agreement with LBI setting forth the terms and conditions under which such executing brokers will be authorized to accept orders from you for settlement by LBI (the "Executing Brokerage Agreement").

(b) LBI shall be responsible for settling trades executed on your behalf by your executing broker(s) and reported to LBI by you and your executing broker(s) provided that you have reported to LBI on trade date, by the time designated to you by LBI, all the details of such trades including, but not limited to, the contract amount, the security involved, the number of shares or the number of units and whether the transaction was a long or short sale or a purchase, and further provided that LBI has either affirmed or not "DK'd" ("indicated it does not know") and has not subsequently disaffirmed such trades. In the event that LBI determines not to settle a trade, LBI shall not have settlement responsibility for such trade and shall, instead, send you a cancellation notification to offset the notification sent to you under sub-paragraph (c) of this paragraph. You shall be solely responsible and liable to your executing broker(s) for settling such trade. In addition, LBI may be required to cease providing prime brokerage services to you in accordance with the Executing Brokerage Agreement.

(c) On the day following each transaction, LBI shall send you a confirmation of each trade placed with an executing broker in accordance within the SEC Letter based upon the information you provided to LBI. Any confirmations issued by LBI as prime broker shall identify the executing broker and provide you with the information required by the SEC Letter. Confirmations of the execution of orders and other activity in your account(s) which have been provided or made available to you by 10:00 a.m. (New York time) on the business day immediately following the trade date shall be conclusive if not objected to by 2:00 p.m. (New York time) on such business day or, if such reports are provided or made available to you after 10:00 a.m. (New York time) on such business day, then such confirmations shall be conclusive if not objected to within four (4) hours after such confirmations have been provided or made available to you. Monthly statements shall be sent to you in accordance with the SEC Letter. Information contained in monthly statements of account, to the extent not included in an activity report, shall be conclusive if not objected to within ten (10) days after such statements have been provided or made available to you. LBI may send communications to your address of record or another address provided to LBI in writing. All communications sent to such address, whether by mail, facsimile, telegraph, messenger, electronic means or otherwise, shall be deemed to have been given to you personally as of the date and time sent, whether actually received or not.

(d) In the event of: (i) the filing of a petition or other proceeding in bankruptcy, insolvency or for the appointment of a receiver by or against your executing broker, (ii) the termination of your executing broker's registration and the cessation of business by it as a broker-dealer, or (iii) your executing broker's failure, inability or refusal, for any reason whatsoever or for no reason at all, to settle a trade, and if LBI agrees to settle any trades executed on your behalf by such executing broker, regardless of whether LBI either affirmed or did not DK and did

not disaffirm such trades, you shall be solely responsible, and liable to LBI, for any losses arising out of or incurred in connection with LBI's agreement to settle such trades.

(e) You shall maintain in your account with LBI such minimum net equity in cash or securities as LBI, in its sole discretion, may require from time to time (the "Lehman Brothers Net Equity Requirements"), which shall in no event be less than the minimum net equity required by the SEC Letter (the "SEC Net Equity Requirements"). In the event your account falls below the SEC Net Equity Requirements, you hereby authorize LBI to notify promptly all executing brokers with whom it has an Executing Brokerage Agreement on your behalf of such event. Moreover, if you fail to restore your account to compliance with the SEC Net Equity Requirements within the time specified in the SEC Letter, LBI shall, without notice to you: (i) notify all such executing brokers that LBI is no longer acting as your prime broker and (ii) either not affirm or "DK" ("indicate that it does not know") all prime brokerage transactions on your behalf with a trade date after the business day on which such notification was sent. In the event : (i) your account falls below the Lehman Brothers Net Equity Requirements, (ii) LBI determines in its sole discretion that there would not be enough cash in your account to settle such transactions or that a maintenance Margin Call may be required as a result of settling such transactions, or (iii) LBI determines in its sole discretion that the continuation of prime brokerage services to you presents an unacceptable risk to Lehman Brothers taking into consideration all the facts and circumstances, then LBI may disaffirm all your prime brokerage transactions and/or cease to act as your prime broker. In any such case, LBI shall send a cancellation notification to you, and you understand that you must settle outstanding trades directly with the relevant executing broker and that you authorize LBI to provide the executing broker with any information useful to settle such trades. You further agree that LBI will not be bound to make any investigation into the facts surrounding any transaction to which you are a party and that immediately upon notice to you and, if required, to the executing brokers, LBI may cease acting as your prime broker.

(f) If you have instructed your executing broker(s) to send confirmations to you in care of LBI, as your prime broker, the confirmation sent by such executing broker is available to you promptly from LBI (once received), at no additional charge.

(g) If your account is managed on a discretionary basis, you hereby acknowledge that your prime brokerage transactions may be aggregated with those of other accounts of your adviser, according to your adviser's instructions, for execution by your executing broker(s) in a single bulk trade and for settlement in bulk by LBI. You understand that no part of any transaction may be allocated to any other account where such other account's net equity is below the minimum levels established in the SEC Letter and that, should such a net equity deficiency occur in any such other account, LBI must disaffirm the entire transaction. In the event any trade is disaffirmed, as soon as practicable thereafter, LBI shall supply your executing broker(s) with the allocation of the bulk trade, based upon information provided by your adviser.

(h) You hereby authorize LBI to disclose your name, address and tax I.D. number to your executing broker(s) to enable such executing broker to establish on its books an account for you to be used in the event transactions are disaffirmed by LBI.

(i) Lehman Brothers will not be responsible or liable for any acts or omissions of any executing broker or its employees. You understand that Lehman Brothers does not act as investment adviser or solicit orders, that Lehman Brothers does not advise prime brokerage customers, perform any analysis, or make any judgment on any matters pertaining to the suitability of any order, or offer any opinion, judgment or other type of information pertaining to the nature, value, potential or suitability of any particular investment.

(j) You agree to indemnify and hold Lehman Brothers harmless from any loss, claim or expense, including attorneys' fees, incurred by Lehman Brothers in connection with Lehman Brothers acting or declining to act as prime broker for you and to fully reimburse Lehman Brothers for any legal or other expenses (including the cost of any investigation and preparation) which Lehman Brothers may incur in connection with any claim, action, proceeding or investigation arising out of or in connection with this Agreement or any transactions hereunder.

(k) You represent and warrant that you are currently in compliance, and during the term of this Agreement will remain in compliance, with all applicable requirements of the SEC Letter, including, but not limited to, the requirement that you execute an agreement with each executing broker.

(l) The prime brokerage services hereunder shall be provided in a manner consistent with the SEC Letter.

**22. LEGALLY BINDING.** You hereby agree that this Agreement and all of the terms hereof shall be binding upon you and your estate, heirs, executors, administrators, personal representatives, successors and assigns. You further agree that all purchases and sales shall be for your account(s) in accordance with your oral or written instructions. You hereby waive any and all defenses that any oral instruction was not in writing as may be required by any applicable law, rule or regulation. With respect to any of your accounts maintained in connection with this Agreement, you hereby authorize Lehman Brothers to act and rely on any instructions (including, without limitation, instructions to transfer cash or securities, purchase or sell securities, enter into derivative or other transactions or borrow money or securities) received by Lehman Brothers from any of the persons listed on Exhibit A, as such list may be amended by you from time to time. In addition, you hereby authorize Lehman Brothers to act and rely on any instructions received by Lehman Brothers from any of your employees or agents (including any investment manager or adviser) that Lehman Brothers reasonably believes is authorized to so act on your behalf.

**23. AMENDMENT.** You agree that Lehman Brothers may modify the terms of this Agreement at any time upon prior written notice to you. By continuing to accept services from Lehman Brothers thereafter, you will have indicated your acceptance of any such modification. If you do not accept such modification, you must notify Lehman Brothers in writing; your account may then be terminated by Lehman Brothers, after which you will remain liable to Lehman Brothers for all outstanding liabilities and obligations. Otherwise, this Agreement may not be modified absent a written instrument signed by an authorized representative of Lehman Brothers.

**24. GOVERNING LAW.** THIS AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED, AND THE CONTRACTUAL AND ALL OTHER RIGHTS AND LIABILITIES OF THE PARTIES DETERMINED, IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CONFLICTS OF LAW PRINCIPLES THEREOF.

**25. JURISDICTION; WAIVER OF JURY TRIAL.** The parties shall attempt in good faith to promptly resolve any dispute arising out of, relating to or in connection with this Agreement or any transactions hereunder by negotiations by executives of the parties who have the authority to settle the controversy. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably submits to the exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party. ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR ACTION IS HEREBY WAIVED BY ALL THE PARTIES TO THIS AGREEMENT.

**26. WAIVER OF IMMUNITIES.** Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets, all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) arbitration, (iv) relief by way of arbitration award, injunction, order for specific performance or recovery of property, (v) attachment of its assets (whether before or after judgment) and (vi) execution or enforcement of any judgment or arbitration award and irrevocably agrees, to the fullest extent permitted by applicable law, that it will not claim any such immunity.

**27. TRANSFERS.** Lehman Brothers shall have the right to transfer Assets between any account in order to satisfy any of your obligations to Lehman Brothers. When giving instructions to transfer Assets from your accounts to any bank or other entity, you agree that all such requests will have been approved by an authorized signatory and you agree to provide Lehman Brothers with an accurate account number designating the account to receive such Assets. You agree to indemnify and hold Lehman Brothers harmless from and against all liabilities arising from the provision of an inaccurate account number or any other liabilities arising as a result of the transfer at your request.

**28. PROVISION OF DATA.** With respect to any market data or other information that Lehman Brothers or any third party service provider provide to you, (i) Lehman Brothers and any such provider are not responsible or liable if any such data or information is inaccurate or incomplete in any respect; (ii) Lehman Brothers and any such provider are not responsible or liable for any actions that you take or do not take based on such data or information;

(iii) you will use such data or information solely for the purposes set forth in this Agreement and any other agreement between us; (iv) such data or information is proprietary to Lehman Brothers and any such provider and you will not retransmit or disclose such data or information to third parties except as required by applicable law or regulation; and (v) you will use such data or information solely in compliance with applicable laws, rules and regulations.

**29. EXTRAORDINARY EVENTS.** You agree that Lehman Brothers will not be liable for any loss caused, directly or indirectly, by government restrictions, exchange or market rulings, suspension of trading, war (whether declared or undeclared), terrorist acts, insurrection, riots, fires, flooding, strikes, failure of utility services, accidents, adverse weather or other events of nature, including but not limited to earthquakes, hurricanes and tornadoes, or other conditions beyond Lehman Brothers' control. In the event that any communications network, data processing system, or computer system Lehman Brothers uses is rendered inoperable, Lehman Brothers will not be liable to you for any loss, liability, claim, damage or expense resulting, either directly or indirectly, therefrom.

**30. LIMITATION OF LIABILITY.** Lehman Brothers shall not be liable in connection with the execution, clearing, handling, purchasing or selling of securities, commodities or other property, or other action, except for gross negligence or willful misconduct on Lehman Brothers' part. You understand that certain securities may be held outside the United States by unaffiliated, foreign agent banks and depositories. Lehman Brothers will not be liable to you for any loss, liability or expense incurred by you in connection with these arrangements except to the extent that any such loss, liability or expense results from Lehman Brothers' gross negligence or willful misconduct. In no event will Lehman Brothers be liable for any special, indirect, incidental or consequential damages arising out of this Agreement.

**31. HEADINGS; COUNTERPARTS.** The headings of the provisions hereof are for ease of reference only and shall not affect the interpretation or application of this Agreement or in any way modify or qualify any of the rights provided for hereunder. This Agreement may be executed in counterparts, each of which shall be deemed an original.

**32. TELEPHONE CONVERSATIONS.** For the protection of both you and Lehman Brothers, and as a tool to correct misunderstandings, you hereby authorize Lehman Brothers, at Lehman Brothers' discretion and without prior notice to you, to monitor and/or record any or all telephone conversations or electronic communications between you and Lehman Brothers or any of Lehman Brothers' employees or agents. You acknowledge that Lehman Brothers may determine not to make or keep any of such recordings and that such determination shall not in any way affect any party's rights.

**33. CUMULATIVE RIGHTS; ENTIRE AGREEMENT.** The rights, remedies, benefits and protections afforded to each Lehman Brothers Entity under this Agreement and under any Contract you may have with any Lehman Brothers Entity, whether heretofore or hereafter entered into, are cumulative and in addition to any other rights, remedies, benefits and protections that any Lehman Brothers Entity may have. To the extent that the provisions of any Contracts you have with any Lehman Brothers Entity, whether heretofore or hereafter entered into, are inconsistent (whether the inconsistency be between the Contracts or within a single Contract), the conflict shall be resolved in favor of the provision which affords Lehman Brothers with the maximum rights, remedies, benefits or protections. You hereby appoint Lehman Brothers as your agent and attorney-in-fact to take any action (including, but not limited to, the filing of financing statements) necessary or desirable to perfect and protect the security interest granted herein or to otherwise accomplish the purposes of this Agreement. Except as set forth above, this Agreement represents the entire agreement and understanding between you and Lehman Brothers concerning the subject matter hereof.

**34. CAPACITY TO CONTRACT; ANTI-MONEY LAUNDERING; AFFILIATIONS.** You represent that you have the capacity and authority to enter into this Agreement. You represent to the best of your knowledge that you do not maintain or transact business for or with nor will you introduce individuals or entities to Lehman Brothers that the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") has listed as "Specially Designated Nationals and Blocked Persons" nor with any client in an embargoed country as determined by OFAC. Furthermore, you represent that you have conducted thorough due diligence with respect to all of your clients, and you do not know or have any reason to suspect that the monies used to fund the account have been or will be derived from or related to any illegal activities, including but not limited to, money laundering activities. You agree to

provide Lehman Brothers with any information that it may require in relation to compliance with any applicable money laundering regulations. Each representation or warranty made by you in this Agreement will be deemed to be repeated by you on each date on which a transaction occurs hereunder.

You represent that you are of legal age and that, unless you have notified Lehman Brothers to the contrary, neither you nor any member of your immediate family is: (i) an employee or member of any exchange, (ii) an employee or member of the National Association of Securities Dealers, Inc. or any of its affiliates, (iii) an individual or an employee of any corporation or firm engaged in the business of dealing, as broker or principal, in securities, options or futures or (iv) an employee of any bank, trust company or insurance company. If you are signing on behalf of others, you hereby represent that the person(s) or entity(ies) on whose behalf you are signing is/are authorized to enter into this Agreement and that you are duly authorized to sign this Agreement and make the representations contained herein in the name and on behalf of such other person(s) or entity(ies) and you agree to indemnify and hold Lehman Brothers harmless from any claim or claims arising from your unauthorized execution of this Agreement on the behalf of such other person(s) or entity(ies). You hereby authorize Lehman Brothers to accept faxed copies of this or any other document or instruction as if it were the original and further to accept signatures on said faxes as if they were original.

**PLEASE COMPLETE THIS INFORMATION AND SIGN THE APPROPRIATE SPACE BELOW:**

**THIS AGREEMENT IS DATED AS OF \_\_\_\_\_, 2007**

Stonhill Offshore Partners LTD

*Name of Customer*

c/o Citco Fund Services LTD BWI  
P.O. Box 31106 SMB/ T Woodlaver  
Corp. Center West Bay Road

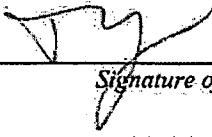
*Address* \_\_\_\_\_ *Country* \_\_\_\_\_

Grand Cayman \_\_\_\_\_  
*City, State* \_\_\_\_\_ *Zip Code + 4* \_\_\_\_\_

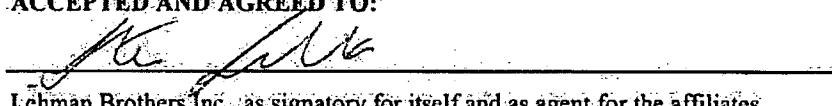
**BY SIGNING THIS AGREEMENT, YOU ACKNOWLEDGE THAT:**

**YOU HAVE RECEIVED A COPY OF THIS AGREEMENT AND AGREE TO ITS TERMS AND CONDITIONS.**

**CUSTOMER NAME:** Stonehill Offshore Partners LTD  
*Individual or Printed Name of Company*

**SIGNATURE:**   
*Signature of Authorized Person*

**PRINT NAME:** John Motulsky, General Partner  
*Printed Name and Title of Signatory or Name of General Partner if Signer is a Partnership*

**BY:**   
*Authorized Signatory and Title of General Partner if Above Signer is a Partnership Otherwise Blank*

**ACCEPTED AND AGREED TO:**

Lchman Brothers Inc., as signatory for itself and as agent for the affiliates named herein

9 - 10-07

## **EXHIBIT B**



900 002 114

**CUSTOMER CLAIM FORM  
LEHMAN BROTHERS INC.**

Stonehill Offshore Part Ltd.  
Account# 732-40125  
885 Third Avenue  
30th Floor  
885 3rd Ave., Fl. 30  
New York, NY 10022-4834

Daytime Phone: (212) 739 7474  
Email: c.wilson@stonehillcap.com  
Contact Person: Chris Wilson  
Taxpayer I.D. Number  
(Social Security No.): not applicable

**PLEASE NOTE**

- A SEPARATE CLAIM FORM SHOULD BE FILED FOR EACH ACCOUNT.
- TO BE ELIGIBLE FOR THE MAXIMUM PROTECTION AFFORDED UNDER THE SECURITIES INVESTOR PROTECTION ACT (“SIPA”), ALL CUSTOMER CLAIMS SHOULD BE RECEIVED BY THE TRUSTEE ON OR BEFORE JANUARY 30, 2009; THE TRUSTEE WILL DETERMINE WHETHER CLAIMS MEET THE STATUTORY REQUIREMENTS FOR “CUSTOMER” CLAIMS UNDER SIPA; INCLUSION OF A CLAIM OR CLAIM TYPE ON THIS CLAIM FORM IS NOT DETERMINATIVE OF CUSTOMER STATUS UNDER SIPA.
- THE DEADLINE FOR FILING ALL CLAIMS IS JUNE 1, 2009. NO CLAIM WILL BE ALLOWED IF IT IS RECEIVED AFTER THAT DATE.
- ALL CLAIMS ARE DATED AS OF THE DATE RECEIVED BY THE TRUSTEE.
- YOU MAY FILE YOUR CLAIM ELECTRONICALLY ONLINE AT WWW.LEHMANTRUSTEE.COM OR SEND YOUR COMPLETED AND SIGNED CLAIM FORM TO THE TRUSTEE VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED.
- IF YOUR ACCOUNT HAS BEEN TRANSFERRED TO ANOTHER BROKERAGE FIRM, BUT YOU BELIEVE YOU HAVE A CLAIM FOR PROPERTY OWED TO YOU BY LEHMAN BROTHERS INC., YOU MUST FILE A CLAIM TO PROTECT YOUR RIGHTS.
- LEHMAN BROTHERS INC. IS THE ONLY LEHMAN ENTITY THAT IS A DEBTOR IN THIS SIPA LIQUIDATION PROCEEDING. THIS CUSTOMER CLAIM FORM APPLIES ONLY TO LEHMAN BROTHERS INC. AND DOES NOT APPLY TO ANY OTHER LEHMAN ENTITY, INCLUDING ANY ENTITY IN A PROCEEDING UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE.

This claim form must be completed electronically online at www.lehmantrustee.com or mailed promptly, together with supporting documentation, to the following:

If by first class mail:

Lehman Brothers Inc. Claims Processing  
c/o Epiq Bankruptcy Solutions, LLC  
P.O. Box 6389  
Portland, OR 97228-6389

If by overnight mail:

Lehman Brothers Inc. Claims Processing  
c/o Epiq Bankruptcy Solutions, LLC  
10300 SW Allen Blvd  
Beaverton, OR 97005

**1. CLAIM FOR MONEY BALANCES OR CASH AS OF SEPTEMBER 19, 2008:**

a. LBI owes me a credit or cash in the amount of: \$ See attached

b. I owe LBI a debit or cash in the amount of: \$ \_\_\_\_\_

c. If you wish to repay the debit balance listed in point b. above please insert the amount you wish to repay and attach a check payable to "James W. Giddens, Trustee for the SIPA Liquidation of Lehman Brothers Inc." If you wish to make a payment, it must be enclosed with this claim form.  
\$ \_\_\_\_\_

**2. CLAIM FOR SECURITIES AS OF SEPTEMBER 19, 2008:**

**Please Do Not Claim Any Securities You Have In Your Possession**

	<u>YES</u> (Circle Y or N)	<u>NO</u> N
a. LBI owes me securities:	Y	N
b. I owe LBI securities:	Y	N
c. If yes to either, please list below (or in additional pages as necessary):		

Trade Date of Transaction (mm/dd/yyyy)	Name of Security	CUSIP	Number of Shares or Face Amount of Bonds	
			LBI Owes Me (Long)	I Owe LBI (Short)
_____	<u>See attached</u>	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

If additional space is needed, attach additional pages providing the information in the exact format above.

**3. COMMODITY FUTURES CLAIMS**

YES      NO  
(Circle Y or N)

Do you have a claim based on a commodity futures account?

Y

N

If the answer to the above question is "yes," please state the amount, and explain the basis for your claim below, attaching additional pages and supporting documents as necessary:

Amount of Claim: \_\_\_\_\_

Basis for Claim: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WHEN COMPLETING SECTIONS 1 THROUGH 3 PLEASE KEEP IN MIND:**

- If you cannot compute the amount of your claim, you may file an estimated claim. In that case, please indicate that your claim is an estimated claim.
- Proper documentation can speed the review, allowance, and satisfaction of your claim.
- Please enclose: copies of your last LBI account statement; purchase or sale confirmation slips; copies of checks that relate to the securities or cash you claim; and any other documentation or correspondence you believe will be of assistance in processing your claim.
- Please explain any differences between the securities or cash claimed and the cash balance and securities positions on your last account statement.
- If, at any time, you complained in writing about the handling of your account to any person or entity or regulatory authority, and the complaint relates to the cash and/or securities that you are now seeking, please be sure to provide with your claim copies of the complaint and all related correspondence, as well as copies of any replies that you received.

**PLEASE CIRCLE THE APPROPRIATE ANSWER FOR ITEMS 4 THROUGH 11.**

**NOTE: IF "Y" IS CIRCLED FOR ANY ITEM, PROVIDE A DETAILED EXPLANATION ON A SIGNED ATTACHMENT. IF SUFFICIENT DETAILS ARE NOT PROVIDED, THIS CLAIM FORM WILL BE RETURNED FOR YOUR COMPLETION.**

YES      NO  
(Circle Y or N)

4. Does your claim in any way relate to an entity other than Lehman Brothers Inc. (for example, Lehman Brothers Holdings Inc., or another Lehman subsidiary)?

Y

N

5. Has there been any change in your account since September 19, 2008?

Y

N

6. Are you or were you a party to a repurchase or reverse repurchase agreement, director, officer, partner, shareholder, lender to, or capital contributor of LBI?  Y  N
7. Are you related to, or do you have any business venture with, any of the persons specified in "6" above, or any employee or other person associated in any way with LBI? If so, give name(s).  Y  N
8. Are or were you a person who, directly or indirectly and through agreement or otherwise, exercised or had the power to exercise a controlling influence over the management or policies of LBI?  Y  N
9. Is this claim being filed on behalf of a customer of a broker or dealer or bank? If so, provide documentation with respect to each customer on whose behalf you are claiming.  Y  N
10. Have you ever given any discretionary authority to any person to execute securities transactions with or through LBI on your behalf? Give names, addresses and phone numbers.  Y  N
11. Have you or any member of your family ever filed a claim under the Securities Investor Protection Act of 1970? If so, give name of that broker.  Y  N

Please list the full name, address, phone number, and email address of anyone assisting you in the preparation of this claim form:

Full name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone number: \_\_\_\_\_

Email address: \_\_\_\_\_

If more than one person is assisting you, attach additional pages providing the information in the exact format above.

**IT IS A VIOLATION OF FEDERAL LAW TO FILE A FRAUDULENT CLAIM.  
CONVICTION CAN RESULT IN A FINE OF UP TO \$50,000 OR IMPRISONMENT  
OF UP TO FIVE YEARS OR BOTH.**

**THE FOREGOING CLAIM IS TRUE AND ACCURATE TO THE BEST OF MY  
INFORMATION AND BELIEF.**

Date January 26, 2009 Signature Christopher Blie  
Signature Managing Member  
Date \_\_\_\_\_ Signature Stonehill Capital Management, LLC  
its advisor

(If ownership of the account is shared, all must sign above. Give each owner's name, address, phone number, and extent of ownership on a signed separate sheet. If other than a personal account, e.g., corporate, trustee, custodian, etc., also state your capacity and authority. Please supply the trust agreement or other proof of authority.)

UNITED STATES BANKRUPTCY COURT Southern District of New York		PROOF OF CLAIM
Name of Debtor: Lehman Brothers, Inc.	Case Number: 08-01420 (JMP) SIPA	
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property):	<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.	
Name and address where notices should be sent: 1000523153 LBI 12/1/2008 417060 Stonehill Offshore Part Lt 885 Third Avenue, 30th Floor 885 3rd Ave., Fl. 30 New York, NY 10022-4834	Court Claim Number: _____ <i>(If known)</i>	
Telephone number: (212) 739-7474	Filed on: _____	
Name and address where payment should be sent (if different from above):	<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	
Telephone number:	<input type="checkbox"/> Check this box if you are the debtor or trustee in this case.	
1. Amount of Claim as of Date Case Filed: \$ <u>see attached</u>	5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.	
If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.	Specify the priority of the claim.	
If all or part of your claim is entitled to priority, complete item 5.	<input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).	
<input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.	<input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4).	
2. Basis for Claim: <u>Customer Property</u> <i>(See instruction #2 on reverse side.)</i>	<input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).	
3. Last four digits of any number by which creditor identifies debtor: _____	<input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).	
3a. Debtror may have scheduled account as: _____ <i>(See instruction #3a on reverse side.)</i>	<input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).	
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.	<input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(____).	
Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____	Amount entitled to priority: \$ _____	
Value of Property: \$ _____ Annual Interest Rate %	<i>*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</i>	
Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____		
Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.		
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. <i>(See definition of "redacted" on reverse side.)</i>		
DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.		
If the documents are not available, please explain: _____		
Date: JAN 26 2009	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.  <i>Christopher Wiles, Managing Member, Stonehill Capital Management LLC</i>	FOR COURT USE ONLY
Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.		

**INSTRUCTIONS FOR PROOF OF CLAIM FORM**

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

**Items to be completed in Proof of Claim form****Court, Name of Debtor, and Case Number:**

Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's name, and the bankruptcy case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

**Creditor's Name and Address:**

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

**1. Amount of Claim as of Date Case Filed:**

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

**2. Basis for Claim:**

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card.

**3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:**

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

**3a. Debtor May Have Scheduled Account As:**

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

**4. Secured Claim:**

Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien

documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.

**5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).**

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

**6. Credits:**

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

**7. Documents:**

Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). Do not send original documents, as attachments may be destroyed after scanning.

**Date and Signature:**

The person filing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.

**DEFINITIONS****INFORMATION****Debtor**

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

**Creditor**

A creditor is the person, corporation, or other entity owed a debt by the debtor on the date of the bankruptcy filing.

**Claim**

A claim is the creditor's right to receive payment on a debt that was owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

**Proof of Claim**

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

**Secured Claim Under 11 U.S.C. §506(a)**

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car.

A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

**Unsecured Claim**

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

**Claim Entitled to Priority Under 11 U.S.C. §507(a)**

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

**Redacted**

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax-identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

**Evidence of Perfection**

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

**Acknowledgment of Filing of Claim**

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system ([www.pacer.psc.uscourts.gov](http://www.pacer.psc.uscourts.gov)) for a small fee to view your filed proof of claim.

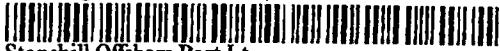
**Offers to Purchase a Claim**

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 et seq.), and any applicable orders of the bankruptcy court.

If you would like to file your claim online please go to [www.lehmantrustee.com](http://www.lehmantrustee.com) and select the link for the online claim form. You will need the tracking number and mail id listed below to complete your claim online.

P0000L0000\*\*-P02016323746:S8111613A

Tracking Number: 423040 Mail ID: 417060



Stonehill Offshore Part Lt  
885 Third Avenue, 30th Floor  
885 3rd Ave., Fl. 30  
New York, NY 10022-4834

**Stonehill Capital Management LLC**  
**885 Third Avenue, 30<sup>th</sup> Floor**  
**New York, NY 10022**  
**(212) 739-7474**

**Contacts:** **Chris Wilson, Managing Member, cwilson@stonehillcap.com**  
**Steve Nelson, Chief Financial Officer, snelson@stonehillcap.com**  
**Ann Kalter, Accounting Manager, akalter@stonehillcap.com**

**Date: January 26, 2009**

**RE: STONEHILL OFFSHORE PARTNERS LIMITED**  
**Primary LBI account number: 732-40125**

### **Customer Claims in Lehman Brothers Inc. (LBI)**

---

Stonehill Offshore Partners Limited (SO) was one of the largest prime brokerage clients of LBI and LBI was SO's sole prime broker. The professionals representing the LBI estate have invested long hours and have been extremely accommodating in returning the vast majority of SO's securities, and Stonehill is very appreciative of those efforts to date. However a substantial list of securities has not yet been delivered, and substantial cash has accumulated at LBI as well, which elements comprise SO's customer claim. This customer claim is supported by voluminous information; the attachments evidencing this claim are intended to provide ample support, but SO has substantial additional information that can be provided upon request.

#### **Securities**

SO received extensive deliveries of its securities in late October and in late December/early January; however, additional securities remain at LBI. A list of securities still carried at LBI is attached as SO Exhibit A.

#### **Cash**

SO's cash claim is presented in several components for ease of understanding:

##### **Component 1 – Error in Calculation at “True-Up” Date:**

In late October, 2008, at the time of the initial delivery of securities from LBI to SO, LBI's representatives performed a comprehensive analysis of SO's account and

calculated SO's cash balance to be, as of September 19, 2008, a debit amount (owed to LBI) of \$2,248,173.04. SO Exhibit B includes the Summary, and Brokerage Account Statement generated by LBI and delivered to SO at that time. On October 21, 2008, SO paid that amount to the SIPC trustee, effectively zeroing out its cash balance as of September 19, 2008. However, LBI's calculation excluded "type 5" cash, and also excluded the market value of SO's short positions, but the two items do not offset equally. Closing out SO's short positions as of September 19, per the estate's October 14 protocol, results in the cost to close out shorts being less than the type 5 cash by \$257,571.75 (see SO Exhibit C.) LBI thus owes SO this value difference.

Component 1 totals \$257,571.75

**Component 2 – "P&I" post September 19:**

From September 19, 2008, through the date of this claim, Stonehill is aware of principal, interest and other payments on securities custodied at LBI that have flowed to LBI, as presented on Exhibit D.

Component 2 is comprised of the following currencies:

USD	6,173,078.91
GBP	5,262,140.69
EUR	122,442.03
CAD	164,576.11

**Component 3 – Misdirected Wires on Private Investments:**

After September 19, 2008, misdirected wires flowed to LBI with respect to non-custodied instruments (private investments.) In addition, certain foreign wires were sent to LBI just before LBI's proceeding, which were never posted to Stonehill's account (it was common for foreign wires to take several days to be posted, and the LBI proceeding interrupted the finalization.) Stonehill is aware of certain of these items which are listed on SI Exhibit E.

Component 3 is comprised of the following currencies:

USD	427,247.78
EUR	262.34
GBP	25,011.80

**Component 4 – Cash Transfer in mid-September:**

On September 17, 2008, two days before the SIPA proceeding, SO issued direction to LBI to transfer its securities and cash balance from LBI to an alternate prime broker. LBI

demanded that SO post cash collateral in order to effect the transfer, and SO delivered \$5,500,000, which was transferred by LBI to SO account number 732-41222-1. (SO's account statement as of September 19, 2008 depicts this cash as an investment in a money market fund, however, that Lehman fund on or about that date closed itself to new investment, and the funds remained in cash, as depicted in the September 30, 2008 statement.) This cash was excluded from the "true-up" described under Component 1 above, and still resides at LBI. SO Exhibit F provides supporting documentation.

Component 4 totals \$5,500,000.00

**Component 5 – Incomplete Transaction re MAC Funding Purchase:**

On trade date August 7, 2008 SI agreed to purchase from JP Morgan 2,000,000 MAC Funding I Ltd (cusip 55261B202) for consideration of \$655,000, by physical settlement. LBI debited cash in that amount from SI's account on August 12, 2008. Subsequent to the September 19 date of proceeding, we learned from JP Morgan that the trade had never settled: JP Morgan had not delivered the security to LBI and LBI had not paid the cash to JP Morgan. LBI must return that improperly debited cash to SO. Reference SO Exhibit G.

Component 5 totals \$655,000

**Component 6 – Incomplete Transaction re US Power Generating Company:**

On trade date March 27, 2008, Stonehill's two funds executed with LBI as the counterparty a negotiated sale of a private instrument: 15,130 shares of US Power Generating Company at a price of \$28 per share, for total consideration of \$423,640.00. Both SO and related account Stonehill Institutional Partners L.P. were the sellers; LBI was the buyer. The trade confirmations executed at the time are attached as Exhibit H (a). It was a private transaction subject to documentation, and had not closed by the September 19, 2008 date of the LBI proceeding.

At the time of the true-up described in Component 1, LBI personnel demanded that Stonehill Institutional Partners (SI) pay \$118,619.20 to the SIPC trustee in relation to this outstanding trade, which amount was paid on September 21, 2008. LBI misunderstood the nature of this transaction - LBI incorrectly treated this private, negotiated, unclosed trade as if it were a short sale by SI in which SI had failed to deliver the security, demanding collateral in the amount paid. This payment was improper and must be returned to SI. Please note that even though this trade was by both Stonehill funds (Institutional and Offshore, as evidenced by the trade confirmations), the payment demanded at time of true up was only demanded from SI, therefore this portion of this Component 6 claim is only claimed on behalf of SI, not SO, and is recounted here only for fullness of disclosure.

A second element of the claim arises from LBI's failure to close this negotiated trade. The current market value of US Power Gen stock is \$6 per share (see Exhibit H (b)); LBI's failure to close has cost Stonehill \$22 per share, times 8,730 shares (SO's portion of the trade), equals \$192,060.00.

Component 6 totals \$192,060.00

**Component 7 – Incomplete Transaction re Zarlink Semiconductor common:**

On August 15 and August 20, 2008, SO purchased shares in Zarlink Semiconductor with purchase prices of CAD 5,148.78 and CAD 16,936.56, for a total of CAD 22,085.34. JP Morgan, the clearing broker on the other side of the trade, was unable to settle prior to September 19, 2008. However, LBI debited SO's cash in these amounts at the time of trade and never returned the funds to SO. Exhibit I provides further detail.

Component 7 totals CAD 22,085.34

**Component 8 – Forward Sales of Foreign Currencies:**

Stonehill's portfolio included investments denominated in foreign currencies. To hedge such exposure, Stonehill routinely executed under its prime brokerage agreement with LBI forward sales of foreign currencies. Stonehill believes that no other Lehman entity other than LBI was involved in these transactions. SO had numerous foreign currency transactions open as of September 19, 2008, which were in a gain position because the dollar had strengthened against the foreign currencies during the term of the contracts. A brokerage statement listing the transactions, and their market values, and Stonehill's summary of that brokerage statement for ease of understanding, is SO Exhibit J.

Component 8 totals \$6,135,929.26

**Component 9 – Cash Applied Late re Sale of Boston Gen:**

On trade date August 1, 2008, SO executed with a third party (Kelts LLC) a negotiated sale of a private instrument: 2,000,000 EBG Holdings bank debt (aka Boston Gen) for a total consideration of \$1,788,283.65. The trade confirmation executed at the time is attached as SO Exhibit K(a). The transaction closed on August 26, 2008 and Kelts funded the purchase price to LBI (see closing documents SO Exhibit K(b).) LBI acknowledged receipt, but failed to post the cash to SO's account until October 10, 2008, (see email correspondence attached as SO Exhibit K(c)). Therefore this cash was excluded from the calculation done at the time of the "true-up" discussed under Component 1 above, and LBI owes this cash to SO.

Component 9 totals \$1,788,283.65

**Component 10 – Interest on Accumulated Cash Balances:**

If the court determines it appropriate, interest may be payable to SO on the accumulated cash balances which have resided at LBI. Stonehill cannot estimate the amount absent direction regarding the appropriate interest rates and a determination of the dates and amounts of funds received by LBI on SO's behalf.

The amount of this Component 10 claim cannot be quantified without direction from LBI and is therefore estimated.

**Component 11 – Other Post Date of Claim and Unknown Activity:**

Other amounts may have flowed into LBI with respect to SO's custodied securities of which we are not currently aware, and it is certain that amounts will continue to flow to LBI on securities which continue to be carried at LBI after the date of this claim. SO includes these presently unquantifiable amounts in its claim. As part of this claim, SO requests that LBI provide an accounting from September 19, 2008 forward of any cash items received or due with respect to custodied securities or other customer property of SO.

With regard to private investments, SO has no comprehensive way of determining what payments have flowed into LBI referencing Stonehill's account number or name. Considering Stonehill's distressed investing strategy, Stonehill's portfolio includes many private instruments which have irregular and unpredictable distribution dates, often without notice to us other than information conveyed by the wire transfer itself. As part of this claim, SO requests that LBI provide an accounting from September 19, 2008 forward of any cash items referencing any of the Stonehill accounts, and any Stonehill entity name, and includes all such presently unquantifiable amounts in its claim.

The amount of this Component 11 claim cannot be quantified and is therefore estimated.

**End of Document**



MARGIN SUMMARY  
COB  
9-19-08

SO Exhibit B

TOTAL COLLATERAL

TOTAL LMV TYPE 1 LONG POSITIONS (US\$)	266,659,029.00
TOTAL LMV TYPE 1 LONG POSITIONS (C\$ value converted to US\$)	12,599,576.53
TOTAL LMV TYPE 1 LONG POSITIONS (BP value converted to US\$)	1,698,499.33
TOTAL LMV TYPE 1 LONG POSITIONS (EM value converted to US\$)	2,724,187.15
TOTAL LMV TYPE 1 LONG POSITIONS (JY value converted to US\$)	0.00
TOTAL LMV TYPE 2 LONG POSITIONS (US\$)	33,123,055.72
TOTAL LMV TYPE 2 LONG POSITIONS (C\$ value converted to US\$)	349,136.76
TOTAL LMV TYPE 2 LONG POSITIONS (BP value converted to US\$)	0.00
TOTAL LMV TYPE 2 LONG POSITIONS (EM value converted to US\$)	0.00
TOTAL LMV TYPE 2 LONG POSITIONS (JY value converted to US\$)	0.00

TOTAL USD DELIVERABLE COLLATERAL

	299,782,084.72
--	----------------

TYPE 1 CASH (US\$)

TYPE 1 CASH C\$ (value converted to US\$)	230,007.94
TYPE 1 CASH BP (value converted to US\$)	0.00
TYPE 1 CASH JY (value converted to US\$)	0.00
TYPE 1 CASH EM (value converted to US\$)	0.00

TYPE 2 CASH (US\$)

TYPE 2 CASH C\$ (value converted to US\$)	0.00
TYPE 2 CASH BP (value converted to US\$)	134,366.80
TYPE 2 CASH JY (value converted to US\$)	0.00
TYPE 2 CASH EM (value converted to US\$)	0.00

TOTAL USD CASH COLLATERAL

230,007.94

TOTAL EXPOSURES

TYPE 2 DEBIT BALANCE	531,364.02
TYPE 2 (EM) DEBIT BALANCE	1,936,073.34

TOTAL EXPOSURE

2,612,547.78

TOTAL COLLATERAL NEEDED TO COVER EXPOSURE

2,248,173.04

TOTAL VALUE OF COLLATERAL AVAILABLE FOR DELIVERY

314,905,311.44

TOTAL CASH AVAILABLE FOR PAYMENT

0.00

\*\*Note: Proceeds generated from the close out of shorts will result in a cash in lieu claim.

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- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
TC 11 OPEN T/D BAL 213,657.18-	CLOSE T/D BAL 230,007.94-	OPEN S/D BAL 213,657.18-	CLOSE S/D BAL 230,007.94-	MARGIN VALUE 09/19/08 DLA
1,380,961.05-	531,364.02	1,071,771.29	2,984,066.36	266,659,029 33,123,055 09/19/08
54,286,948.36-	56,231,081.00-	54,286,948.36-	56,231,081.00-	55,796,251- 53,476,992.58- 243,985,832
55,881,59-	55,929,724.92-	55,929,724.92-	55,929,724.92-	1,981,503.14
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
TRANS/DRG 10/09/19	LONG/SHORT (-)	DESCRIPTION	CUSTIP/SEC	PRICE/ENT T/D TRD # DEBT/CREDIT(-)
		NMSAIR GROUP FINANCE B V	INT	09/19 09/19 1,997,853.90-
		DUE 06/08/2006 4.375	5196207	REV ENTRY OF 5-30 DUE TO INCORRECT FX
		REC 5/16/08 PAY 5/28/08		
		ON 2341700 BNDZ		
		MARK TO MARKET		
		INWIRE RFA0919667HU2R00875	HKT MS	09/19 1,944,132.64-
		026009533	CBW 3R	09/19 31,807.57-
		PART NERS LTD FFC A C 732 401		
		WCI COMMUNITIES INC		
		MARK TO MARKET SHORT POS	HKT MS	09/19 1,944,132.64-
		LDA	LONG/SHORT (-)	SECURITY DESCRIPTION
		091908	1.0000	ACAT DELIVERY IN PROGRESS
		091708	484,481.0000	DO NOT TRANSFER SECURITIES ACACIA RESEARCH - ACACIA TECHNOLOGIES
		0922107	392,902.0000	ABOVENET INC
		12/18/08	40,000.0000	WTS ABOVENET INC
		12/19/08	2,179,878.0000	WMBARRATT DEVELOPMENTS PLC
		Pg. 63 of 63	285,300.0000	COMFORCE CORP
			18,000.0000	WTS CD RADIO INC
			6,664.0000	EXP 5/15/2009 ACCREDITED INVS COMFISCO HOLDING COMPANY INC
			25,942.0000	CATTLESALE COMPANY
			13,377.0000	CORE MARK HOLDING CO INC
				C04818 SB 13,377.0000 373,485 112,045

CLIENT 012		MARGIN ACTIVITY STATEMENTS		09/19/08	PAGE 93763
RR:	H&I STONEHILL OFFSHORE	CURR-CODE: 000			MARGIN REQUIREMENT
TC	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARGIN REQUIREMENT
LDA	111,801.0000	MANCOPEX SA-ORD	P2006N1020	1,47292H	164,674
043008	36.0000	AP 1 PAR	C080316 SB	111,801.0000	164,674
031808		DECISIONONE CORP NEW	2434571080	0.00000H	0
031808	880,395.0000	MMFRONTERA COPPER CORPORATION	D004752 SB	36.0000	0
092707	50,913.0000	MANGUANGDONG ALLIANCE	F1096490 SB	1,35675	1,352,947
092707	19,346.0000	SHS MANGH WATER SUPPLY HL	G48151040 SB	880,395.0000	0
111607	11,911.0000	SHS WTS ICC COMMUNICATIONS INC	G005020 SB	50,913.0000	0
091608	402,500.0000	HOVNANIAN ENTERPRISES INC-CL A	H011304 SB	19,346.0000	0
033808	51,750.0000	RTS KAISER GOVT PROGRAMS INC	H394718 SB	402,500.0000	0
091608	2,718,868.0000	PUT RT PUR PFD KAISER GROUP	I483058110 SB	51,750.0000	0
091608	44,482.0000	KGEN PWR CORP	K022715 SB	0.00000H	0
091608	LEHMAN BROS HLDGS INC	COM 144A	K003938 SB	2,718,868.0000	0
091608	DEP SH REPSTG 1/10/0TH	52520W3170	K005001 SB	0.00000H	0
091608	7.95%	SHAFAC FUNDING LTD	L008500 SB	44,482.0000	0
091608	2,000,000.0000	PRIN PROTECTED SEC ACCREDITED	M5261B2020	0.00000H	0
091608	NEENAH ENTERPRISES INC	M004518 SB	M004518 SB	2,000,000.0000	0
091608	346,623.0000	64007P1030	N009197 SB	1,55000H	0
091608	75,745.0000	WTS NEENAH ENTERPRISES INC	64007P1110	346,623.0000	0
091608	53,071.0000	PATENT LITIGATION TR	N009546 SB	0.00000H	0
091608	BENEFICIAL TRUST INTERESTS	7030441070	7030441070	75,745.0000	0
091607	MARKT SIERAD PRODUCE TBK	P011578 SB	P011578 SB	0.00050H	26
091607	SHS SERIES A	Y7144Y1X40	Y7144Y1X40	53,071.0000	26
091607	PGT INC	P017046 SB	P017046 SB	0.00532H	377,532
091607		69336V1010	69336V1010	70,964,707.0000	377,532
091607		P019436 SB	P019436 SB	3.99000	402,777
091607	1,341,254.0000	MARKETAIL HOLDINGS N V	N741081060	8.00000H	0
091607	11,483,635.0000	SUNSHINE MNG & REFNO COMPANY	R065483 SB	1,341,254.0000	10,730,032
091607		PAR 20.01	S678336000	0.00000H	0
091607			S011728 SB	11,483,635.0000	0

BKRE56 732-40125 TC LDA	CLIENT RR: H&I STONENILL OFFSHORE LONG/SHORT(-)	MARGIN ACTIVITY STATEMENTS CURR-CODE: 000 SECURITY DESCRIPTION MHSIDE CREDITOR TRUST TR CTF SER B	09/19/08 CUSIP/SEC 081741240 S015075 SB 08553X1030	PRICE 0.0000H 5,000.0000 0.0170H 233,100.0000	MARGIN REQUIREMENT 0 0 3,962	PAGE 93764
12 092607	233,100.0000	3DFX INTERACTIVE INC	T00116 SB G90075000 125,40000H T01389 SB	233,100.0000 1,153,680 9,200.0000	3,962	3,962
13 031806	13,000,000.0000	MMATTRANSOCEAN INC NEW	T01389 SB 88605P080 COM 144A	9,200.0000 0.0000H 244,444.0000	0	0
14 031806	13,000,000.0000	MMATTELEGLOBE CANADA INC	T01468 SB 87941TP920	0.0000H 0.0000	0	0
15 090908	45,471.0000	MMATHUNDERBIRD RESORTS INC NEW	T104832 SB G885761060 T106117 SB	13,000.0000 5,5000H 45,471.0000	250,090	250,090
16 091608	92,000.0000	US AIRWAYS GROUP INC	90341W1080 U003620 SB	7,9100 92,000.0000	727,720	218,316
17 051508	187.0000	MMATVATEL HOLDING BERMUDA LIMITED NEW	G93447110 V004215 SB	1.0000H 187.0000	187	187
18 031808	201,455.0000	WTS WEBLINK WIRELESS	94769A1190 W003885 SB	0.0000H 201,455.0000	0	0
19 091608	5,520.0000	WASHINGTON MUTUAL INC 7.75% SERIES R NON CUMULATIVE	9393228140 W005336 SB	335.0000 5,520.0000	1,849,200	554,760
20 091708	2,091,544.0000	MMARZARLINK SEMICONDUCTOR INC	9891391000 Y001713 SB	0.49000 2,091,544.0000	1,026,856	1,026,856
21 092607	120,000.0000	FULTON CNTY GA DEV AUTH SPL FACS REV DELTA AIRLINES INC DUE 05/01/2013 5.500%	36099AC100 3BBMTX8 SB	0.0000 120,000.0000	0	0
22 092607	500,000.0000	NEW YORK N Y CITY IND DEV AGY SPL FAC REV NORTHWEST AIRLINES DUE 06/01/2027 6.000%	3882C72 SB	64999BJLJ90 0.0000H 500,000.0000	0	0
23 092607	7,600,000.0000	CALIFORNIA STATEWIDE CNTYS DEV AUTH SPL FACS DEV UTD AIR DUE 10/01/2034 5.625%	13077Y9A60 3006B57 SB	4.0000H 7,600,000.0000	304,000	304,000
24 031808	195,294.0000	MOBILE ALA IND DEV 8RD SOLID WSTE DISP RV REF-MOBILE ENERGY DUE 01/01/2020 6.950%	607168AY70 3601570 SB	0.0000H 195,294.0000	0	0
25 0840308	5,500,000.0000	CIT GROUP INC MEDIUM TERM SR NTS DUE 10/27/2008 2.905%	12660PEA50 5BBDTK4 SB	99.31400H 5,500,000.0000	5,462,270	1,638,681

BMR56	CLIENT 012	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93765
732-40125	RR: H61 STONEHILL OFFSHORE	CURR-CODE: 000		
TC LDA 031808	LONG/SHORT(-) 550,000.0000	SECURITY DESCRIPTION STANFIELD VICTORIA FIN LTD MTN 8542IAFH50	CUSIP/SEC 5BBKSB4 SB 0.00000H 550,000.0000	PRICE MARKET VALUE 0 0
1 Document 092507	29,260,000.0000	DUPLICATE CROWN PAPER CO	DUE 03/25/2009 SR SUB NOTES - ESCROW CUSIP..	2264499A40 0.00000 29,260,000.0000 0
1 Main 060308	6,500,000.0000	MAC CAPITAL LTD NEWMAN CORP	DU 09/01/2005 SR SEC'D NT	65733NAB60 0.00000H 6,500,000.0000 0
12 071008	3,450,000.0000	MAC CAPITAL LTD NEWMAN CORP	DUE 01/01/2017 GRACH HOME EQUITY LOAN TRUST HTGPC/SERIES 2007-HEI A-4-VAR	36185KAD70 37.97255H 3,450,000.0000 1,310,052
14 122007	6,050,000.0000	MAC CAPITAL LTD	DUE 07/26/2037 SER 2007-1 CL B-2L 144A/3C7	55265AN10 0.00000 6,050,000.0000 0
15 080408	3,450,000.0000	GRACH HOME EQUITY LN TR SERIES 2007-HE2 CLASS A6	DUE 07/26/2023 GRACH HOME EQUITY LN TR SERIES 2007-HE2 CLASS A2	361861AG80 46.66422H 3,450,000.0000 1,609,915
14 091608	3,523,920.0000	GRACH HOME EQUITY LN TR SERIES 2007-HE2 CLASS A4	DUE 12/25/2037 GRACH HOME EQUITY LN TR SERIES 2007-HE2 CLASS A2	361861AB90 48.83500H 3,523,920.0000 1,720,906
14 072508	18,170,000.0000	GRACH HOME EQUITY LN TR SERIES 2007-HE2 CLASS A4	DUE 12/25/2057 GRACH HOME EQUITY LN TR SERIES 2007-HE2 CLASS A3	361861AD50 32.07718H 5,828,423
14 080508	15,410,000.0000	GRACH HOME EQUITY LN TR SERIES 2007-HE2 CLASS A3	DUE 12/25/2037 GRACH HOME EQUITY LN TR SERIES 2007-HE2 CLASS A3	361861AC70 48.54300H 58BQVBL SB 15,410,000.0000 7,480,476
Entered 09/17/08 of 2003	6,670,000.0000	MASONITE CORP SR SUB NT	DUE 04/06/2015 STANDARD PACIFIC CORP CUT SENIOR SUB NOTES	575379AE2D 23.00000H 58BRZCL SB 6,670,000.0000 1,534,100
12 060408	1,012,000.0000	SR SUB NT	DUE 10/01/2012 PNH MORTGAGE TRUST	69337YAE40 80.37500H 11,310,958
04/14/09	17,236,000.0000	SER 2007-SLI CLASS TAGS 144A	DUE 12/25/2027 MINTSTANFIELD VICTORIA EURO MEDIUM TERM NOTE	58CLLC0 SB 17,236,000.0000 AMORTIZED AMOUNT 11,310,958
09/1608	1,150,000.0000	DUE 03/28/2008	G8439CAN00 0.00000H 5BCSLJ0 SB 1,150,000.0000	0

BMR56 732-60125	CLIENT RR:	012 H&I STONEHILL OFFSHORE	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93766
TC LDA	LONG/SHORT(-)	SECURITY DESCRIPTION	CURR-CODE: 000		MARGIN REQUIREMENT
12 08408	26,875,000.0000	RESIDENTIAL CAP LLC SR SEC'D NT	CUSIP/SEC 76114EAR20 5BDDGMF4	PRICE 62.00000H 26,875,000.0000	MARKET VALUE 16,662,500
061308	4,600,000.0000	DUE 05/15/2010 6.500% STANFIELD VICTORIA FIN LTD MEDIUM TERM NTIS144A 3C7	85431AJN00 5BDDHSQ5	0.00000 4,600,000.0000	0
092008	7,625,000.0000	CAPMARK FINL GROUP INC SR NT FLT 10	140661AD10 5BDDKMR1	76.93300 SB	5,866,141
12 071808	9,085,000.0000	DUE 05/10/2010 3.452% ZIFF DAVIS MEDIA INC SR SEC'D NT	989ESCC9910 5BDNVZ6	0.00000H 9,085,000.0000	0
081208	2,294,000.0000	DUE 05/01/2012 - ESCROW CUSIP - ZIFF DAVIS MEDIA INC SR SEC'D NT FLTG RATE NEW	98951UAJ50 5BDNVY1	0.00000H 2,294,000.0000	0
082008	201,000.0000	MONTANA POWER CO - TENDER OFFER - DUE 12/21/2026 7.960% MONTANA POWER CO	612MMI8A90 5BDDQHJ0	0.00000 201,000.0000	0
082008	340,000.0000	- CONTRA CUSIP - DUE 12/23/2026 MONTANA POWER CO	612MMI9C40 5BDDQNT2	0.00000 340,000.0000	0
082008	197,000.0000	- TENDER OFFER - DUE 12/20/2006 7.070% CB NORTHEASTERN CORP	612MMI9860 5BDDQPD8	0.00000 197,000.0000	0
081108	11,676,000.0000	- CONTRA CUSIP - DUE 03/15/2007 7.875% NORTHEASTERN CORPORATION SENIOR DEBTURE DUE 11/15/2020 6.950% NORTHEASTERN CORP -CONTRA CUSIP- DUE 03/15/2012 8.750% VICTORIA FIN LTD 144A VR	666999ABE80 5BDRLG4 666999ABH40 5BDRBS2	0.00000 16,663,000.0000 0.00000 7,528,000.0000	0 0 0 0
081108	7,528,000.0000	NORTHWESTERN CORP SENIOR DEBTURE DUE 11/15/2020 6.950% NORTHEASTERN CORP -CONTRA CUSIP- DUE 03/15/2012 8.750% VICTORIA FIN LTD 144A VR	9262G0AL30 5BDRPV0	0.00000 4,950,000.0000	0
091208	1,100,000.0000	DUE 12/12/2006 VICTORIA FIN LTD 144A VR SER 1997-4 HFD HSG SR/SUB	9262G0AF60 5BDBRQ5	0.00000 1,100,000.0000	0
031808	4,644,999.0000	DUE 02/17/2009 GREEN TREE FINL CORP SER 1997-4 HFD HSG SR/SUB	393505UY60 5CAB250	0.00000H 4,644,999.0000	0
		DUE 02/15/2029		AMORTIZED AMOUNT	2614,347.94

BMR56 732-40125 TC LDA 031808	CLIENT 012 RR: H81 STONEHILL OFFSHORE LONG/SHORT(-) 795,000.0000	MARGIN ACTIVITY STATEMENTS CURRE-CODE: 000 SECURITY DESCRIPTION GREENTREE FINANCIAL	09/19/08 CUSIP/SEC 3P950BYC00	PRICE 5C8202 SB 0.00000H	MARGIN REQUIREMENT 0 MARKET VALUE 795,000.0000 AMORTIZED AMOUNT 446,349.60	PAGE 93767 MARGIN REQUIREMENT 0
031808	14,000,000.0000	CORPORATION MTG/CSERIES DUE 10/15/2029 7.75% SECURITIZED MULTIPLE ASSET RATED TR ASSET BKD NT DUE 06/15/2005 7.056%	81375BAN20 5C60831 SB	0.00000H 14,000,000.0000	0	0
031808	31,643,000.0000	GLOBAL RATED ELIGIBLE ASSET TR CL A2 DUE 09/15/2006 7.350% GLOBAL RATED ELIGIBLE ASSET TR SERIES 1998-A CL-A2 DUE 09/15/2007 7.060%	37337WAA70 5C94242 SB	0.00000H 31,643,000.0000	0	0
031808	12,362,000.0000	PEGASUS AVIATION LEASE SECURITIZATION II ASTBK/SERIES DUE 05/10/2031 2.943% SECURITIZED MULTIPLE ASSET SERIES 1997-6 CL A-1 DUE 11/15/2006 7.710%	70557RAA80 5E11267 SB	0.00000H 1,000,000.0000	0	0
091608	4,025,000.0000	CMACM HOME EQUITY LOAN TRUST MTG/CSERIES 2004-HE1 A-3-VAR DUE 06/25/2034 2.681%	367856CV70 5F23941 SB	52.93800H 4,025,000.0000	1,900,914 1,900,914 AMORTIZED AMOUNT	3590,832.14
052708	2,990,000.0000	RESIDENTIAL FDG MTG SECS II SERIES 2005-HS2 CLASS A-1 DUE 09/25/2020 2.571% RESIDENTIAL FDG MTG SECS II IN SERIES 2006-HSA1 CLASS A-2 DUE 11/25/2020 5.190%	76110UGS20 5FF9267 SB	99.65760H 8,947,000.0000	1,423,689 AMORTIZED AMOUNT	1,423,689 1428,580.64
091608	2,150,000.0000	CWHER HOME EQUITY LOAN TRUST MTG/CSERIES 2006-S2 A-2-VAR DUE 07/25/2027 5.627% CWHER HOME EQUITY LOAN TRUST MTG/CSERIES 2006-S2 A-3-VAR DUE 07/25/2027 5.641%	126685DM30 5119024 SB	78.5602H 2,150,000.0000	1,689,059 1,689,059	3,783,607
072208	9,200,000.0000	CMACM HOME EQUITY LOAN TRUST MTG/CSERIES 2006-HE3 CLASS A2 DUE 10/25/2036 5.750% CMACM HOME EQUITY LOAN TRUST MTG/CSERIES 2006-HE3 A-4-VAR DUE 10/25/2036 6.008% COUNTRYWIDE ASSET BK CERT SERIES 2006-2N CLASS A3 DUE 03/25/2034 5.658%	38012TA880 5139469 SB	57.55203H 6,836,750.0000	3,934,743 3,934,743	3,934,743
070708	4,070,000.0000					

BMR56	CLIENT	012	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93768
732-4025	RR:	H&L STONEHILL	OFFSHORE	CURR-CODE:		
TC	LONG/SHORT(-)		SECURITY DESCRIPTION			
LDA						
12 031808	18,301,000.0000		PHP HEALTHCARE CORPORATION			
			SUB DEB CV			
			DUE 12/15/2002 6.50%			
			MCKINLEY PECK INTERNATIONAL			
			DUE 01/03/1997 8.75%			
			ESC COMBINED INC			
			NOTE - ESCROW -			
			DUE 01/15/2003 6.125%			
			IONICA PLC			
			SR NOTE			
			DUE 08/15/2006 13.50%			
			ESC KITTY HAWK INC			
			SR SEC'D NTS			
			DUE 11/15/2004 9.95%			
			WOLVERINE TUBE INC			
			SENIOR NOTE SER B			
			DUE 06/01/2009 10.500%			
			CENTRAL TRACTOR FARM & COUNTRY			
			INC SR NOTE			
			DUE 04/01/2007 10.625%			
			IONICA PLC			
			SENIOR DISC NOTES			
			DUE 05/01/2007 15.000%			
			KEY PLASTICS INC			
			SR SUB NOTE SER B			
			DUE 03/15/2007 10.250%			
			PRATAMA DATAKOM ASIA			
			ACCREDITED INVS			
			DUE 07/15/2005 12.750%			
			KEY GROUP OVERSEAS BU			
			GTD NOTES 7.375% 10/9/98			
			DUE 10/15/2017 7.425%			
			NRG ENERGY INC			
			SR NOTE			
			DUE 06/15/2007 7.500%			
			READ RITE CORP			
			CONV SUB NOTES			
			DUE 09/01/2004 6.500%			



BMR56 732-40125	CLIENT 012 RR: H81 STONENTLL	OFFSHORE SECURITY DESCRIPTION	MARGIN ACTIVITY STATEMENTS CURR-CODE: 000	09/19/08	PAGE 93770
TC LDA 031808	8,250,000.0000	INSTCO HOLDING CO SR DISC NT	CUSIP/SEC 457661AA90	PRICE 0.0000H	MARKET VALUE 0
092507	16,275,000.0000	DUE 08/15/2008 14.000%	5143514 SB 5145204 SB	8,250,000.0000 24,365,000.0000	594,249 0
031808	24,385,000.0000	MINES-AIR GROUP SENRSL COMMUNICATION PLC SR NTS	H710NA050 5144469 SB	12.1710H 16,275,000.0000	1,980,830 594,249
031808	27,500,000.0000	CHS ELECTRONICS INC SENIOR NOTES	12542AAB30 5147251 SB	9.125% 27,500,000.0000	0 0
031808	100,930,000.0000	MARCENTAIR MINING & EXPPL LTD SENIOR SEC'D NOTE DUE 12/01/2007 11.000%	74972EAC20 5150557 SB	9.875% 0.0000H 100,930,000.0000	0 0
031808	50,420,000.0000	EXOCUS COMMUNICATIONS INC SR NTS	302080AB50 5158280 SB	6.000% 50,420,000.0000	0 0
072208	6,705,304.0000	WHEELING PITTSBURGH STL CORP SR SEC'D NT DUE 08/01/2010 6.000%	963150AA50 5169833 SB	11.250% 53.7500H 6,705,304.0000	3,604,100 1,081,230
031808	34,270,000.0000	SAFETY KLEEN SERVICES INC SR SUB NOTE DUE 06/01/2008 9.250%	78649QA430 5173374 SB	9.250% 0.0000H 34,270,000.0000	0 0
031808	25,057,250.0000	NRG ENERGY INC SENIOR DEB DUE 05/15/2006 6.500%	629377AN20 5174451 SB	4.375% 0.0000 25,057,250.0000	0 0
Entered 04/15/14 20:09:2507 of 05/29/08	23,417,000.0000 76,891,000.0000	MESAIR GROUP FINANCE BV PSINET INC SR NTS DUE 11/01/2008 11.500%	N5639BA460 5196207 SB 74937CA030 5209090 SB	0.0000H 23,417,000.0000 0.0000H 76,891,000.0000	0 0 0 AMORTIZED AMOUNT 65681,945.35
		WCI COMMUNITIES INC CONV SENIOR SUB NOTE DUE 10/01/2013 7.875%	92923CAM60 5214313 SB	39.0000H 19,560,000.0000	7,628,400
		SECURITIZED MULTIPLE ASSET RATED TR 1997-5 ASSET BACKED DUE 06/15/2005 7.720%	61375BA110 5216675 SB	0.0000H 27,850,000.0000	0
		NRG ENERGY INC SR NOTE DUE 06/01/2009 7.500%	629377AE20 5219666 SB	0.00000 34,450,000.0000	0

BKR56	CLIENT 012	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 95771
732-40125	RR: H&L STONEHILL OFFSHORE	CURR-CODE: 000		
TC	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE
LDA		CONSUMER PACKAGING INC	21061PAB0	0.00000H
031808	8,800,000.0000	SR NOTE	5220319 SB	8,800,000.0000
031808	23,300,000.0000	SR NOTE SER-B DUE 02/01/2007 9.750%	457659AM20	0.00000H
092607	23,420,000.0000	SRM POLLY PECK INT'L FINANCE LTD DUE 11/19/1990 6.250%	G71566AB50 5225032 SB	0.00000H 23,420,000.0000
081308	6,769,000.0000	WEI COMMUNITIES INC CONV	92923CAK00 5225200 SB	33,00000H 6,769,000.0000
101207	2120,000,000.0000	XMP PEREGRINE INVEST HOLDINGS LTD DUE 08/05/2023 4.000%	XK52296610 5229641 SB	0.00000H 5,700.0000
031808	6,395,000.0000	BUDGET GROUP INC SR MTS DUE 04/01/2006 9.125%	119003AF80 5230760 SB	0.00000H 6,395,000.0000
031808	26,335,000.0000	TELEGLOBE INC GTD DEB DUE 07/20/2009 7.200%	87941TA070 5231755 SB	0.00000H 26,335,000.0000
031808	53,161,000.0000	TELEGLOBE INC DEB DUE 07/20/2029 7.700%	87941TAE50 5231763 SB	0.00000H 53,161,000.0000
031808	79,740,000.0000	GLOBAL RATED ELIGIBLE ASSET TR 1998-A ASSET BACKED NT A-3 DUE 01/15/2002 7.200%	37937MAD10 5233639 SB	0.00000H 79,740,000.0000
031808	18,600,000.0000	SFC NEW HLDGS INC SR SUB NT DUE 08/15/2003 13.250%	784123AF80 5237126 SB	0.00000H 7,000,000.0000
12/203	12/203	SECURITIZED MULTIPLE ASSET RAFFED TR 1997-5ASSET BACKED DUE 05/15/2005 1.155%	81375BAK80 5245527 SB	0.00000H 18,600,000.0000
Q4/15/14 Pg 72	031808	GST NETWORK FUNDING INC SENIOR DISC NOTE DUE 05/01/2008 CARRIER INT'L S A SR NOTE SER B DUE 02/15/2009	36228YAC90 5246447 SB	0.00000H 4,000,000.0000 0.00000H 3,215,000.0000 0.00000H 3,215,000.0000

BHR56 732-40125	CLIENT 012 RR: H61 STONENILL OFFSHORE	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93772
TC LDA	LONG/SHORT(-)	CURR-CODE: 000		
12 031808	49,600,000.0000	SECURITY DESCRIPTION	CUSIP/SEC	MARGIN REQUIREMENT
		SENIOR SUB NOTE SER 8 IT GROUP INC	465266ACB0 5249169 SB	0 0
092607	2,270,000.0000	DUE 04/01/2009 11.250%	0.0000H 49,600,000.0000	0
		KMSS-AIR GROUP FIN DUE 11/15/2009 7.500%	XX52526290 525229 SB	0 0
031808	173,811,000.0000	PSINET INCORPORATED SR NT	69368VAB30 525156 SB	0 0
		DUE 08/01/2009 11.000%	173,811,000.0000	AMORTIZED AMOUNT 149316,337.20
061808	4,350,000.0000	YOSEMITE SECURITIES TRUST I 99-A LINKED ENRON OBLIG LEDS	987406AA30 5253212 SB	0 0
		DUE 11/15/2006 8.250%	4,350,000.0000	AMORTIZED AMOUNT 3466,393.21
071008	52,619,000.0000	FRIEDE GOLDMAN INTL INC SUB NT CV	356430AA40 5253291 SB	0 0
		DUE 09/15/2006 4.500%	52,619,000.0000	0
092607	4,100,000.0000	KMPSINET INC SER EUR SR NOTES EURO SER	XX52536090 525309 SB	0 0
		DUE 08/01/2009 11.000%	0.0000H	0
071008	11,717,000.0000	RESIDENTIAL CAP CORP NT 7.375% ON 08/18/2007	76113BAF60 5259929 SB	21.0000H 2,460,570
		DUE 06/30/2010 8.375%	11,717,000.0000	2,460,570
031808	34,039,000.0000	EXPANS COMMUNICATIONS INC SR NT	302088AH20 526113 SB	0.0000H 0
		DUE 12/15/2009 10.750%	34,039,000.0000	AMORTIZED AMOUNT 25544,316.34
031808	11,475,000.0000	VENTURE HOLDINGS TRUST DUE 06/01/2007 11.000%	923267AF60 526156 SB	0.0000H 0
040708	67,826,000.0000	WORLD ACCESS INC SENIOR NOTES	98141AAU30 5262134 SB	11,475,000.0000 0
		DUE 01/15/2008 13.250%	67,826,000.0000	AMORTIZED AMOUNT 65821,695.57
12 042208	1,840,000.0000	SLM CORP MEDIUM TERM NTS	78442FDQ80 5262864 SB	0 523,611
		DUE 07/27/2009 2.940%	1,840,000.0000	1,745,371
12 0311607	4,037,000.0000	TXU EASTERN FUNDING CO GTD SR NT ORC CPN 6.45000 DUE 05/15/2005 6.4500%	873169AF30 5264215 SB	0.0000H 0
		DUE 05/15/2005 6.4500%	4,037,000.0000	0
0311607	8,650,000.0000	TXU EASTERN FUNDING CO GTD SR NOTE	873169A150 5264525 SB	0.0000H 0
		DUE 05/15/2009 6.750%	8,650,000.0000	0
092607	400,000.0000	KERINDORAYON INTL FINANCE USD	Y3902EA460 5272401 SB	0.0000H 400,000.0000
		DUE 03/29/2001 10.000%	0	0

CLIENT		012	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93773
RR:	HBL STONEHILL OFFSHORE	CURR-CODE:	000			
TC	LONG/SHORT(-)	SECURITY DESCRIPTION				
LDA	26,400,000.0000	CENTRIMENTAL AIRLINES INC SR	CUSIP/SEC	PRICE	MARKET VALUE	MARGIN REQUIREMENT
038808		NOTES GTD-EG-ESCHOW	2107959060	0.00000H	0	0
		DUE 03/15/1997	522505 SB	26,400,000.0000		
011708	133,370,000.0000	PSINET INC	74437CAB60	0.00000H	0	0
		SR NOTE	5273979 SB	133,370,000.0000	AMORTIZED AMOUNT	116603,283.75
092607	300,000.0000	MARTIN EASTERN FUNDING	69143JAE00	0.00000H	0	0
		DUE 03/08/2030	525991 SB	300,000.0000		
010908	48,443,000.0000	KMPINET INC	XX22772070	0.00000	0	0
		EURO SERIES	5277207 SB	48,443,000.0000		
092607	2,250,000.0000	LUKENS INC	54886QA450	0.00000	0	0
		MEDIUM TERM NOTES	528012 SB	2,250,000.0000		
031808	4,218.0000	NRG BONDHOLDER TRUST	63344MAA50	0.00000H	0	0
		OFFSHORE TR CTF REC S	5281808 SB	4,218.0000		
		DUE 03/31/2000	361881AA30	0.00000H	0	0
		NRG BONDHOLDER TRUST	5282351 SB	100.0000		
		OFFSHORE TR CTF 144A				
		DUE 03/31/2000				
031808	5,985,000.0000	ETOYS IND	297862AB00	0.00000	0	0
		CONV SUB NOTE	5246718 SB	5,985,000.0000		
092607	1,850,000.0000	KMNSAIR GROUP	XX22964570	0.00000H	0	0
		DUE 11/04/2004	5266457 SB	1,850,000.0000		
031808	3,262,000.0000	COLOR TILE INC	19267AD00	0.00000H	0	0
		SR NT	537531 SB	3,262,000.0000		
031808	23,850,000.0000	NRG ENERGY INC	623377AG70	0.00000	0	0
		DUE 09/15/2010	530622 SB	23,850,000.0000		
031808	15,218,000.0000	EAGLE GEOPHYSICAL INC	265249C00	0.00000H	0	0
		SR NT SER B - ESCROWED-	5310628 SB	15,218,000.0000		
		DUE 07/15/2008				
031808	4,036,450.0000	RTS INC	55276WAD10	0.00000	0	0
		SR SUB NOTE	5322253 SB	4,036,450.0000		
061308	9,213,000.0000	ENRON CORP	29357YAA10	0.00000H	0	0
		PRIVATE PLACEMENT	5324524 SB	9,213,000.0000	AMORTIZED AMOUNT	6632,828.40
		DUE 08/15/2005	74472EAN00	0.00000	0	0
031808	18,635,000.0000	RSL COMMUNICATIONS PLC	5325546 SB	18,635,000.0000		
		GRD US\$ SR NT				
		DUE 03/01/2010	12.875%			

				MARGIN ACTIVITY STATEMENTS	CUR-CODE: 000	PRICE	MARKET VALUE	09/19/08	PAGE 93774
				DESCRIPTION	CUSIP/SEC				MARGIN REQUIREMENT
12 092507	7,000,000.0000	RR: H81 STONEHILL OFFSHORE LONG/SHORT(-)	012	SECRSL COMMUNICATIONS PLC DUE 03/01/2010 12.815%	0702XAC00	0.00000H	0		0
12 092507	17,000,000.0000	GT GROUP TELECOM INC SENIOR DISC EXCH NOTES DUE 02/01/2010 13.250%	17,000.0000	536359AC20 5329921	0.00000H SB	7,000,000.0000 17,000,000.0000	0		0
12 092507	31,627,000.0000	MMSAIGROUP FINANCE DUE 10/06/2010 6.625%	31,627,000.0000	N5639BAC20 5332712	0.00000H SB	0	AMORTIZED AMOUNT	29254,975.00	
12 092507	1,250,000.0000	MNPASHINCO FINANCE LTD EURO MEDIUM TERM NOTE DUE 02/10/2003	1,250,000.0000	Q73565AA10 5334867	0.00000H SB	0	0	0	
12 092508	13,105,000.0000	MCI CMATYS INC SR SUB NT DUE 03/15/2015 6.625%	13,105,000.0000	92922CAP90 5337735	40.00000H SB	5,242,000		5,242,000	
12 072208	4,975,000.0000	BRODER BROS CO SR NOTE DUE 10/15/2010 11.250%	4,975,000.0000	112013AB30 5341743	67.50000H SB	3,358,125		3,358,125	
12 092507	1,320,000.0000	MNMULIAERAMIK FINANCE LTD SENIOR 8 VAR RT DUE 10/31/2007	1,320,000.0000	V65509AB30 5341886	0.00000H SB	0	AMORTIZED AMOUNT	1296,075.46	
12 092507	3,600,000.0000	MNEXODUS COMMUNICATIONS SENIOR NOTES DUE 12/15/2009 10.750%	3,600,000.0000	XX53426960 5342696	0.00000H SB	0	0	0	
12 031808	13,650,000.0000	MNEXODUS COMMUNICATIONS SENIOR NOTES DUE 07/15/2008 11.375%	13,650,000.0000	302088AN90 5343324	0.00000H SB	0	AMORTIZED AMOUNT	3047,581.00	
12 010708	8,503,000.0000	MNTYU EUROPE FUNDING LTD EURO ISSUE DUE 11/30/2005 7.000%	8,503,000.0000	G9143RAA00 5346617	0.00000H SB	0	0	0	
12 031808	164,013,000.0000	EXODUS COMMUNICATIONS INC US\$ SR NT DUE 07/15/2010 11.625%	164,013,000.0000	302088AL30 5355200	0.00000H SB	0	AMORTIZED AMOUNT	123370,175.12	
12 092507	6,045,389.0000	MNMULIAERAMIK FINANCE LTD SENIOR A VAR RATE DUE 10/31/2007 7.147%	6,045,389.0000	V65509AA50 5355724	0.00000H SB	0	0	0	
12 073008	4,950,000.0000	GENERAL MOTORS ACCEPTANCE CORP GLOBAL NOTES DUE 03/02/2011 7.250%	4,950,000.0000	370425RU60 5356646	62.78500 SB	0	3,107,657	1,398,535	
12 031808	2,925,000.0000	ESCROW GUANGDONG INTL TR & INT'L 144A DUE 11/15/2020 6.750%	2,925,000.0000	60065L9A10 5358558	0.00000H SB	0	0	0	

				MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93775
				CURR-CODE: 000	PRICE	MARKET VALUE	MARGIN REQUIREMENT
				CUSIP/SEC			
BNR56	CLIENT 012	RR: H&I STONEHILL OFFSHORE C LDA LOM&/SHORT(-)	SECURITY DESCRIPTION				0
32-40125		2 031808 5,300,000.0000	ESCRW GUANGDONG INTL TR & INV 4005L9B90	0.00000H	3,300,000.0000	0	0
		144A	5359457 SB				
.2	031806	42,129,000.0000	DUE 10/24/2016 8.750% SR NT MASTIA GLOBAL CROSSING LTD	04518GAB70	0.00000H		
			5362572 SB	42,129,000.0000	AMORTIZED AMOUNT	34440,153.59	0
.2	031808	63,600,000.0000	NRG ENERGY INC BONDS	629377AL60	0.00000H	0	0
			5368394 SB	63,600,000.0000			
.2	031808	23,850,000.0000	DUE 04/01/2031 8.625% NRG ENERGY INC NOTES	629377AK80	0.00000H	0	0
			5368395 SB	23,850,000.0000			
12	121007	1,185,000.0000	DUE 04/01/2011 7.750% FLEMING COS INC NTS	33913JAP10	0.00000H	0	
			53700856 SB	1,185,000.0000	AMORTIZED AMOUNT	1109,445.69	0
12	032708	1,650,000.0000	DUE 04/01/2008 10.125% CIT GROUP INC NEW SR NT	125581AV00	91.57100	1,510,921	453,276
			5381485 SB	1,650,000.0000			
12	111607	26,310,000.0000	DUE 01/30/2009 2.946% MARVIN INVESTMENT FINANCE CV REG S	67111WAAL0	0.00000N	0	0
			5395354 SB	26,310,000.0000			
12	092507	1,740,000.0000	MARVIN WINTEROUR UNDER AGY SVC LTD EURO MEDIUM TERM NOTE DUE 05/16/2003 5.987% MIDWEST GENERATION LLC PASSTHRU CTF SER-A	Q36895AB80	0.00000H	0	0
			5404497 SB	1,740,000.0000			
12	070208	2,625,000.0000	DUE 07/02/2009 8.300% DAIRY MART CONVENIENCE STORES INC - ESCROW DUE 03/15/2004 10.250% NEW SWISSAIR CORP	59832WAE90	1.02.73200H	964,914	964,914
			5406872 SB	2,625,000.0000	AMORTIZED AMOUNT	939,254.11	
12	031808	742,000.0000	Dairy Mart Convenience Stores Inc - Escrow DUE 03/15/2004 10.250% New Swissair Corp	2338609B30	0.00000H	0	0
			5430398 SB	742,000.0000			
12	092507	10,000,000.0000	DUE 04/12/2005 6.250% ENRON CREDIT LINKED NOTES TR STERLING CREDIT LINKED NOTE DUE 05/24/2006 7.250% ENRON CORP	HB99708D60	0.00000H	0	0
			5435819 SB	10,000,000.0000			
12	072208	1,000,000.0000	STERLING CREDIT LINKED NOTE DUE 05/24/2006 7.250% ENRON CORP	29357YAD50	0.00000H	0	0
			5442794 SB	1,000,000.0000			
12	070906	213,000,000.0000	Euro Deb DUE 06/18/2004 0.970% ENRON CORP	U29302AJ20	0.00000H	0	0
			5445610 SB	213,000,000.0000			
12	071008	300,000,000.0000	DUE 06/15/2003 0.670% ENRON CORP	U29502AG00	0.00000H	0	0
			5446359 SB	300,000,000.0000			

					MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93776
					CURR-CODE: 000	PRICE	MARKET VALUE	MARGIN REQUIREMENT
BR056	CLIENT 012	RR: H&I STONEMILL OFFSHORE	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARKET VALUE	0
IC LDA	L2 092607	8,975,000.0000	MAPOLLY PECK INTL	DUE 01/04/2005	G71536AG40	0.00000H	0,975,000.0000	0
				7.250%	5447758 SB			
				MMSSAIR GROUP	H037SAC80	0.00000H	0	0
				QUE 02/02/2007	5446492 SB	795,000.0000	0	0
				MMSSAIRGROUP	H037SAB00	0.00000H	0	0
				QUE 07/30/2004	5454713 SB	2,265,000.0000	0	0
				MM POLLYPECK	G71536AA70	0.00000H	0	0
			-SF-		547D166 SB	29,165,000.0000	0	0
				DUE 08/13/1992	6.000%			
				MM POLLYPECK	G71536AE90	0.00000H	0	0
				DUE 09/20/1994	5.625%	547B555 SB	15,535,000.0000	0
				MM POLLYPECK	G71536AC30	0.00000	0	0
				DUE 04/07/1993	5.750%	547B557 SB	28,240,000.0000	0
				SECURITY MULTI ASSET	826999AAL30	0.00000H	0	0
				DUE 01/01/2059	8.570%	5485566 SB	7,000,000.0000	0
				WCI COMMUNITIES INC	92923CAG90	39.00000H	5,711,550	5,711,550
				GTO SENIOR SUB NOTE	5489304 SB	14,645,000.0000		
				DUE 05/01/2012	9.125%			
				MM POLLY PECK INTL FINANCE-DM	G7154NA90	0.00000H	0	0
				CPN	5494069 SB	25,242,000.0000	0	0
				DUE 04/20/1993	6.000%			
				FLEETING COMPANIES INC	339130AX40	0.00000H	0	0
				SENIOR NOTES	5497868 SB	17,368,000.0000	0	0
				DUE 06/15/2010	9.250%			
				MMCHAC INTL FINANCE BV	N3592XUA50	180,05463H	6,932,103	3,119,446
				EURO MEDIUM TERM NOTE	5515750 SB	3,850,000.0000		
				DUE 12/15/2008	6.250%			
				WWF C E BANK PLC	G33365PB00	135,88569H	9,511,998	4,280,399
				EURO MEDIUM TERM NOTE	5516264 SB	7,000,000.0000		
				DUE 09/30/2009	5.955%			
				CALPINE GENERATING CO LLC	13135BAF30	7,62500H	456,356	456,356
				SR SEC'D NT	5508671 SB	6,000,000.0000	AMORTIZED AMOUNT	5985,000.00
				DUE 04/01/2010	11.070%			
				AMES TRUE TEMPER INC	031042AC80	75,50000H	2,265,000	2,265,000
				SENIOR NOTE	5505350 SB	3,000,000.0000		
				DUE 01/15/2012	6.790%			
				SOUTHEAST BKG CORP SUB NTS REG	041338AD80	0.00000H	0	0
				DUE 04/11/2001	10.500%	5515644 SB	8,756,000.0000	0

BMR56	CLIENT	RR:	OFFSHORE LONG/SHORT (-)	SECURITY DESCRIPTION	CURR-CODE: 000	PRICE	MARKET VALUE	PAGE 93777
'32-00125	C LDA		AMERICAN RICE INC	HTG NOTES W/CONTINGENT INT	02910AA00	0.00000H	315,000.0000	
.2 100407				DUE 07/31/2002 13.000%	555686	SB	315,000.0000	0
.2 111607	4,876,944.0000		SOURCE MEDIA INC	SR SEC'D NTS	836153AC00	0.00000	0	0
.2 031808	14,800,000.0000			DUE 11/01/2004 12.000%	55635664	SB	4,876,944.0000	0
.2 031808	3,640,000.0000		JET EQUIPMENT TR MEZZANINE	CALPINE GENERATING CO	13135BAE60	0.00000H	0	0
.2 031808			NOTE CL B 95-B	DUE 04/07/2009	5574222	SB	14,800,000.0000	0
.2 031808			NOTE CL B 95-B	NOTE CL B 95-B	477122AU70	0.00000H	0	0
.2 031808	8,600,000.0000		QUE 02/15/2015 7.830%	QUE 02/15/2015 7.830%	55744662	SB	3,640,000.0000	AMORTIZED AMOUNT 2932,474.74
.2 031808			ESCROW CONTINENTAL AIRLINES	INC	2107959L60	0.00000H	0	0
.2 031808			DUE 11/15/2001 10.000%	DUE 11/15/2001 10.000%	55781556	SB	8,600,000.0000	0
.2 031808	33,789,621.0000		AIRPLANES PASS THROUGH TRUST	AS TBK/SERIES 1996-A D-FIXED RT	009451AH80	0.00000H	0	0
.2 092607	1,839,000.0000		DUE 03/15/2019 10.875%	DUE 03/15/2019 10.875%	55779099	SB	33,789,621.0000	AMORTIZED AMOUNT 33374,006.66
.2 102407	1,312,000.0000		SOUTHEAST BANKING CORP CV S/D	SOUTHEAST BANKING CORP CV S/D	841335AA40	0.00000H	0	0
.2 031808	992,000.0000		-REG	DUE 10/15/1997 4.750%	5596000	SB	1,839,000.0000	0
.2 031808			SOUTHEAST BANKING CORP-FRN	DUE 11/12/1997 5.250%	841335AF30	0.00000H	0	0
.2 040708	3,300,000.0000		COPN SUB CAPITAL NOTE	COPN SUB CAPITAL NOTE	5596002	SB	992,000.0000	0
.2 040708	550,000.0000		DUE 03/15/1999 6.500%	DUE 03/15/1999 6.500%	125577AV80	99.33600	3,278,088	983,426
.2 041008			CIT GROUP INC	CIT GROUP INC	56346664	SB	5,300,000.0000	129,721
.2 081208	11,694,343.0000		CIT GROUP FUNDING CO CDA	CIT GROUP FUNDING CO CDA	125568AB10	78.61900	432,404	
.2 091608	5,980,000.0000		SR NT	SR NT	5666251	SB	550,000.0000	
.2 091608			DUE 07/01/2010 4.650%	DUE 07/01/2010 4.650%	666107AA50	92.00000H	10,758,795	3,227,638
.2 091608			SR NTS 144A	SR NTS 144A	5713396	SB	11,694,343.0000	
.2 091608			DUE 05/15/2013 5.000%	DUE 05/15/2013 5.000%	93934WA30	12.05500H	216,230	
.2 091608			WASHINGTON MUT PFD FDG TR I	PERPETUAL 144A	5726350	SB	5,980,000.0000	720,769
.2 041008	4,815,000.0000		DUE 03/07/2049 6.5362	MMCAT GROUP FDG CO CDA	125568AE50	66.22530H	3,188,651	1,434,893
.2 041008			SR NT	DUE 11/02/2011 5.600%	5778017	SB	4,815,000.0000	

MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93778
CURR-CODE: 000	PRICE	MARKET VALUE	MARGIN REQUIREMENT
RR: H&I STONEHILL OFFSHORE LONG/SHORT (-) COUNTRYWIDE ASSET-BCK CERTIF SERIES 2006-\$7 CLASS A6 DUE 11/25/2035 5.93%	12668VAF60 4.8.30830H	2,300,000.0000	1,111,090 1,111,090
2 090208 4,600,000.0000 CMHEQ HOME EQUITY LOAN TRUST MTGPC/SERIES 2006-\$7 A-1-VAR DUE 11/25/2035 2.561%	5801730 SB 5850819 SB	1,546,558 4,600,000.0000	1,546,558 AMORTIZED AMOUNT 1810,652.13
2 092507 500,000.0000 MMFC BANK PLC EURO MEDIUM TERM NOTE DUE 01/16/2012 7.125%	5333655940 111.25937H	556,296	250,333
2 050508 12,528,000.0000 UNIFI INC SR SC NT 11.5%14 DUE 05/15/2014 11.500%	904677A660 90.00000H	11,275,200	11,275,200
2 072508 5,750,000.0000 CMHEQ HOME EQUITY LN TR SER 2006-S5 CLASS A2 DUE 06/25/2015 5.681%	5856846 SB 12.528,000.0000 126683AB70 59.5053H	3,421,573	3,421,573
2 082508 6,647,920.0000 COUNTRYWIDE ASSET-BACKED CTFS SERIES 2006-\$8 CLASS A3 DUE 04/25/2036 5.555%	5905694 SB 5,750,000.0000 5943647 SB	3,175,285	3,175,285
2 092607 63,800,000.0000 MMARQUE PALLAS IN DEFAULT DUE 02/08/1996 10.125%	F07959AG80 0.00000H	0	0
2 092507 4,733,000.0000 GREAT '96-A SERIES A-2 FRN- DUE 12/31/2026 SECURITIZED MULTIPLE ASSET A2 97-5	XX55571710 0.00000H	0	0
2 081808 4,798,000.0000 CMHEQ HOME EQUITY LOAN TRUST SERIES 2006-\$10 CLASS A-2 DUE 10/25/2036 2.691%	59517171 SB 0.4,733,000.0000 XX55572020 0.00000H	0	0
.2 090208 2,300,000.0000 CORP SR NT 144A DUE 02/01/2015 9.750%	12668YAB90 90.53437H	2,082,290	2,082,290
.2 031908 2,475,000.0000 STALLION OILFIELD SVCS LTD / DUE 02/01/2015 9.750%	595259AA40 70.50000H	1,744,875	785,193
.2 092507 1,434,969.0000 MMALUXFER HOLDINGS PLC DUE 02/06/2012 11.530%	05698WAD00 0.00000H	0	0
.2 092807 299,177.0000 MF ZUCKERMAN INVESTMENTS DUE 04/30/2015 11.530%	5986067 SB XX98437650 1,434,989.0000	0	0
.2 092707 175,438.6000 CHANGING WORLD TECHNOLOGIES INC RESTRICTED TOA TO A/C # (xx)	9N43765 SK XX91118260 0.00000	0	0
.2 091908 30,110.0000 (xx)	9111826 SK XX99999400 175,438.6000	0	0
	9999340		

				MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93779
				CURR-CODE: 000	PRICE	MARKET VALUE	MARGIN REQUIREMENT
'32-40125	CLIENT	012	RR: H01 STONEHILL OFFSHORE	CUSIP/SEC			
C	LDA		LONG/SHORT(-)	ACACIA RESEARCH - ACACIA	4,38000	162,997	111,642
:0	062408		37,214.0000	A013707 SB	37,214.0000		
:0	070208	158,854.0000	ADVANTA CORP-CL A	0079422050 SB	6,74000 1	476,562	
:0	091708	951,658.0000	ADVANTA CORP-CL B NON-VTG	A000425 SB	158,854.0000		
:0	092507	0.0000	BURLINGTON INDUSTRIES INC NEW	A189735 SB	9,52000H 9	2,717,935	
:0	091108	0.0000	CIT GROUP INC NEW	1216931050 0.00000H	951,658.0000		
:0	092208	301,044.0000	CONTINENTAL AIRLINES INC-CL B	0550968 0		76,750	
:0	091908	591,496.0000	DELTA AIR LINES INC DEL	011859 1255811080	11,16000 0		183,650
:0	040908	51,850.0000	CDM NEW	2107955080 SB	18,40000 5	9,335.0000	1,661,762
:0	070708	174,960.0000	EXX INC-CL A	C562466 SB	301,044.0000 F		
:0	082108	0.0000	ICO GLOBAL COMMUNICATIONS	D010768 SB	9,67000H 5	1,715,929	
:0	063008	0.0000	HLDGS LTD DEL CL A	2628220900 SB	280,248.0000		
:0	092208	416,436.0000	MBIA INC	E099150 SB	2,60000 51,850.0000	134,810	134,810
:0	081908	0.0000	NORTHWEST CORPORATION	44330K1080	2,25000H		
:0	040908	1,147.0000	NEW	HO10818 SB	174,960.0000	393,660	393,660
:0	091508	0.0000	NORTHWEST AIRLS CORP	55262C1000 0	12,88000 0		920,000
:0	092208	0.0000	NORNBORD INC	MD00545 0	26,22000H 0		659,210
:0	081908	0.0000	PORTLAND GENERAL ELECTRIC CO	ND07436 0			
:0	040908	0.0000	NEW	662804080 11,53000	4,801,507 1,440,452		
:0	091508	0.0000	RAIT FINANCIAL TRUST	ND09281 SB	416,436.0000 F	48,306.0000	67,893
:0	092208	608,890.0000	US AIRWAYS GROUP INC	65548P1060 0	4,18115H 0		
:0	090208	0.0000	WELLS FARGO & CO	N101684 0			
:0	091508	0.0000	WACHOVIA CORPORATION	7365088470 P019060	25,00000H 26,675	8,602	
:0	081208	0.0000	WELL	7492271040 0	1,147,0000 0		273,000
:0	092208	0.0000	WELL FARGO & CO	R003584 0	7,35000 0		
:0	090208	0.0000	WACHOVIA CORPORATION	90341W1080 U003620	7,91000 4,816,319	1,444,895	
:0	091508	0.0000	WELLS FARGO & CO	9494461010 W001549	39,80000 0	106,720.0000	1,152,210
:0	092208	0.0000	WACHOVIA CORPORATION	9299631020 W002990	18,75000 0	388,125	

BMR56	CLIENT	012	RR:	H&L STONEHILL OFFSHORE LONG/SHORT(-)	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	
				DESCRIPTION	CURR-CODE: 000	PRICE	93780	
	C LDA	0.00000	0.00000	WASHINGTON MUTUAL INC	CUSIP/SEC 9393221030 W026516	MARKET VALUE 0	MARGIN REQUIREMENT 1,852,473	
:0	060208	225,562.0000	225,562.0000	ZARLINK SEMICONDUCTOR INC	Y001713 SB 902544AE40 5725709 SB	110,525 225,562.0000 1,285,125 2,300,000.0000	110,525 385,537	
:0	061708	2,300,000.0000	2,300,000.0000	UAL CORP				
				ORD SETTLEMENT BD				
				DUE 02/01/2021 5.000%				
:0	082208	0.0000	0.0000	UNITED STATES TREASURY BOND	912810PW20 7001110	100.03100 100.93000	0 0	
:0	072508	0.0000	0.0000	UNITED STATES TREASURY NOTE	912828H260 7001113	100.93000 104.75049H	464,278 0	
:0	081508	0.0000	0.0000	UNITED STATES TREASURY NOTE	912828CA60 7004940	0.00000H 0.00000H	1,571,257 0	
:53	092507	30,700.0000	30,700.0000	BURLINGTON INDUSTRIES INC NEW	1216931050 8550969	0 0	0 MMN	
:53	091108	36,770.0000	36,770.0000	CIT GROUP INC NEW	1255811080 C011859	11.16000 12.88000	0 2,362,920-	
:53	082108	186,000.0000	186,000.0000	MBIA INC	55262C1000 M000545	0 12.88000	0 0	
:53	063308	83,805.0000	83,805.0000	NORTHWESTERN CORPORATION NEW	6680743050 N007436	26.22000H 26.22000H	2,197,367- 0	
:53	0811908	16,238.0000	16,238.0000	MARINBORO INC	65348P1060 N101684	4.18115H 7.35000	67,893- 401,310-	
:53	081208	56,600.0000	56,600.0000	RAIT FINANCIAL TRUST	7492271040 R033584	0 39.80000	0 3,840,700-	
:53	090208	96,500.0000	96,500.0000	WELLS FARGO & CO	9497461010 M001549	0 18.75000	0 1,293,750-	
:53	091508	69,000.0000	69,000.0000	WACHOVIA CORPORATION COM	9299031020 W022990	0 4.25000	0 1,852,473-	
:53	091108	435,876.0000	435,876.0000	WASHINGTON MUTUAL INC	9335221030 W028516	0 100.03100	0 23,007,130-	
:53	082108	23,000,000.0000	23,000,000.0000	UNITED STATES TREASURY BOND	912810PW20 7001110	0 100.93000	0 4,642,780-	
:53	072508	4,600,000.0000	4,600,000.0000	UNITED STATES TREASURY NOTE	912828H260 7001113	0 100.93000	0 15,712,574- <td></td>	
:53	081508	15,000,000.0000	15,000,000.0000	UNITED STATES TREASURY NOTE	912828CA60 7004940	0 104.75049H	0 15,712,574- <td></td>	
TOT MV		243,985,832	243,985,832	OLD SMA	9,036,937- 100 HOUSE EXCESS OTHER EXCESS	9,068,746- 78,671,598 231,882,728	SMA CHANGE NEW HSE CALL NYSE OPT REQ 0	
EQUITY		299,915,558	299,915,558	LIQ EQT				
CSH AV		5,068,744	16,137,489	BUYING P				

8MR56		CLIENT 012	RR: H01 STONEHILL OFFSHORE	MARGIN ACTIVITY STATEMENTS				09/19/08	PAGE 93781
		BALANCES		CURR-CODE: 002 C6					
TC	S/DATE	OPEN T/D BAL	CLOSE T/D BAL	OPEN S/D BAL	CLOSE S/D BAL			MARKET VALUE	DLA
12	09/19	00.00	00.00	00.00	00.00			13,213,686	09/18/08
FOREIGN CURRENCY C\$ RATE		.95352472 T/D BAL	.95352472 T/D BAL	0.00	0.00				
20	1,969,777.11	2,030,436.55	1,949,777.11			2,030,438.55		566,153	09/19/08
FOREIGN CURRENCY C\$ RATE		.95352472 T/D BAL	.95352472 T/D BAL	1,936,073.34	1,927,591,012.83-			2,819,674.27-	2,834,051-
53	2,739,012.83-	2,819,674.27-	2,739,012.83-	2,688,629.11-	2,688,629.11-				09/19/08
FOREIGN CURRENCY C\$ RATE		.95352472 T/D BAL	.95352472 T/D BAL	789,235.72-	789,235.72-				
T								789,235.72-	10,745,787
TC	S/DATE	LONG/SHORT(-)	DESCRIPTION	CUSIP/SEC	PRICE/ENT	T/D	TRD #	DEBIT/CREDIT(-)	
20	09/19	MARK TO MARKET	MARK TO MARKET SHORT POS	MKT NS	09/9			80,661.44	
53	09/19	MARK TO MARKET	MARK TO MARKET SHORT POS	MKT NS	09/19			80,661.44-	
TC	LOA	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARKET VALUE		MARGIN REQUIREMENT	
12	091708	2,460,526.0000	MMZARLINK SEMICONDUCTOR INC	9891391000	0.51388	1,264,422		1,264,422	
12	041408	13,535,000.0000	MMGENERAL MOTORS ACCEPTANCE	Y001713	SB	2,460,526.0000			
			CORP OF CANADA LTD	370472BM00	88.28418H	11,949,264			
			58BGCFL9	SB	13,535,000.0000				
20	082908	0.0000	MMCANADIAN IMPERIAL BANK OF COMMERCE	1360691010	62.50493	0		166,513	
20	082808	0.0000	MMNORDBIRD INC	C146504	6.38494H	0		2,279,008	
20	082808	712,524.0000	MMZARLINK SEMICONDUCTOR INC	9891391000	0.51388	366,153		366,153	
53	082908	8,880.0000-	MMCANADIAN IMPERIAL BANK OF COMMERCE	Y001713					
53	082808	519,735.0000-	MMNORDBIRD INC	1360691010	62.50493	555,043-		0	
			C146504	65548BP1060	4.38494H				
			N101684		2,279,008-				
		- T O T A L S -		FED CALL					
TOT MV	10,745,787	OLD FED CALL	3,500,992					3,500,992	NEW FED CALL
EQUITY	11,535,023	LIQ EQT	11,535,023	EQV %	0	HOUSE EXCESS		2,081,757	NEW HSE CALL
CSH AV	0	BUYING P	0		0	OTHER EXCESS		6,017,390	NYSE OPT REQ

CLIENT 012		MARGIN ACTIVITY STATEMENTS				09/19/08		PAGE 93782					
732-40125 ARR: H01 STONENHILL OFFSHORE		CURR-CODE: 003 BP											
TC OPEN T/D BALANCES		CLOSE T/O BAL		OPEN S/D BAL		CLOSE S/D BAL		MARKET VALUE					
12 00,00	00,00	00,00	00,00	00,00	00,00	00,00	00,00	922,090	09/18/08				
FOREIGN CURRENCY BP RATE	1.083010002	T/D BAL	1.083010002	T/D BAL	00,00	00,00	00,00	922,090	09/18/08				
20 73,420.47-	73,420.47-	73,420.47-	73,420.47-	73,420.47-	73,420.47-	73,420.47-	73,420.47-	00	09/18/08				
FOREIGN CURRENCY BP RATE	1.083010002	T/D BAL	1.083010002	T/D BAL	134,366.00-	134,366.00-	134,366.00-	00	09/18/08				
1 73,420.47-	73,420.47-	73,420.47-	73,420.47-	73,420.47-	73,420.47-	73,420.47-	73,420.47-	922,090	09/18/08				
NO ACTIVITY FOR THIS ACCOUNT													
TC LDA POSITIONS		LONG/SHORT(-)		SECURITY DESCRIPTION		CLUSIP/SEC		PRICE		MARKET VALUE		MARGIN REQUIREMENT	
12 040108	985,000.0000	MANCIT GROUP INC		UJ12605AB40	94.22263H	985,000.0000	928,090					417,640	
		EURO MEDIUM TERM NOTE		5216345 SB	985,000.0000								
		DUE 12/16/2008 5.500%											
12 070108	744,204.0000	MERLUXFER HOLDINGS PLC		G5698WAD00	0.00000H							0	
		DUE 02/06/2012 11.330%		5986867 SB	744,204.0000								
		T O T A L S											
TOT MU EQUITY	926,090	OLD SMA		73,420-	SMA							73,420-	SMA CHANGE
CSH AV	1,001,510	LIQ EQT		1,001,510	EQY Z	100	HOUSE EXCESS					883,870	NEW HSE CALL
	71,420	BUYING P		146,840		00	OTHER EXCESS					0	908,702 NYSE QPT REQ

BMR56		CLIENT 012	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93783
32-40125		RR: H81 STONEHILL OFFSHORE	CURR-CODE: 016 JY		
-- - - - -		-- - - - -	-- - - - -	-- - - - -	-- - - - -
C OPEN T/D BAL		CLOSE T/D BAL	OPEN S/D BAL	CLOSE S/D BAL	DLA
2.	01.00-	01.00-	01.00-	01.00-	05/13/06
FOREIGN CURRENCY JY RATE		.00935201 T/D BAL	00.00	00.00	
-- - - - -		-- - - - -	-- - - - -	-- - - - -	-- - - - -
ACTIVITY FOR THIS ACCOUNT					
-- - - - -		-- - - - -	-- - - - -	-- - - - -	-- - - - -
NO ACTIVITY FOR THIS ACCOUNT					
-- - - - -		-- - - - -	-- - - - -	-- - - - -	-- - - - -
C LDA LONG/SHORT(-)		SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARGIN REQUIREMENT
.2	050908 920,000,000.000	MURMURON CORP	U29302AH60	0.0000H	0
		QUE 06/18/2003	5446109 SB	920,000,000.0000	
.2	051308 460,000,000.000	MURMURON CORP	U29302AG80	0.0000H	0
		QUE 06/15/2003	5446359 SB	460,000,000.0000	
-- - - - -		-- - - - -	-- - - - -	-- - - - -	-- - - - -
TOT MV		0 OLD SMA	0 SMA	0 SMA CHANGE	
EQUITY	1 LIQ EQT	1 EQY %	0 HOUSE EXCESS	0 NEW HSE CALL	0
SH AV	0 BUYING P	0 OTHER EXCESS	0 NYSE OPT REQ	0	

BMR56		CLIENT 012	RR: HBL STONEHILL OFFSHORE	MARGIN ACTIVITY STATEMENTS			09/19/08	PAGE 93784
		CURR-CODE: 246 EM						
TC	OPEN T/D BAL	CLOSE T/D BAL	OPEN S/D BAL	CLOSE S/D BAL	MARKET VALUE	DLA		
12	00.00	00.00	00.00	00.00	1,093,504	09/18/08		
FOREIGN CURRENCY EM RATE	1.43870132 T/D BAL	1.43870132 T/D BAL	00.00	00.00				
20	1.96,050.45	1.96,050.45	100,862.09	196,050.45	100,862.09			
FOREIGN CURRENCY EM RATE	1.43870132 T/D BAL	1.43870132 T/D BAL	145,110.42	145,110.42	00	B1	09/19/08	
53	1,940,854.85-	1,940,854.85-	1,845,266.49-	1,940,454.85-	1,845,266.49-			
FOREIGN CURRENCY EM RATE	1.43870132 T/D BAL	1.43870132 T/D BAL	2,654,785.33-	2,654,785.33-	1,950,446-	09/19/08		
T	1,744,404.40-	1,744,404.40-	1,744,404.40-	1,744,404.40-	1,744,404.40-			
TC S/DATE	LONG/SHORT(-)	DESCRIPTION	CUSIP/SEC	PRICE/ENT MS	DEBIT/CREDIT(-)			
20 09/19	MARK TO MARKET	MARK TO MARKET	NKT MS	09/19	95,188.36-			
53 09/19	POSITIONS	MARK TO MARKET	NKT MS	09/19	95,188.36			
TC LOA	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARKET VALUE	MARGIN REQUIREMENT		
12 092028	250,000.0000	MMF/C BANK PLC	G33365SS010	74,80386H	187,009	84,154		
		EURO MEDIUM TERM NOTE	SBDQYS	SB	250,000.0000			
12 071608	920,000.0000	MMG/C BANK GMBH	N3592XB660	78,94734H	726,315			
		EURO MEDIUM TERM NOTE	SBPBUH5	SB	920,000.0000			
12 041608	1,150,000.0000	MMCCR GROUP INC	U122605AD00	85,23296H	980,179	441,080		
		EURO MEDIUM TERM NOTE	5311424	SB	1,150,000.0000			
20 080608	0.0000	MMATOS	F061161010	32,37989H	0	216,135		
		FRF5	A06971					
20 080608	0.0000	MMVALEO-ORD	F962211260	25,17263H	0	371,548		
		FF 20 PAR	V148913					
53 080608	22,250.0000-	MMATOS	F061161010	32,37989H	720,452-	0		
		FRF5	A06971					
53 080608	49,200.0000-	MMVALEO-ORD	F962211260	25,17263N	1,238,493-	0		
		FF 20 PAR	V148913					
		T O T A L \$						
TOT MN	65,442-	OLD FEO CALL	1,030,497	FED CALL	1,030,497	NEW FED CALL		
EQUITY	1,678,961	LIQ EST	1,678,961	HOUSE EXCESS	239,201	NEW HSE CALL	0	
CSH AU	0	BUYING P	0	OTHER EXCESS	810,595	NYSE OPT REQ	0	

Symbol	CCY	Qty	Pg 86 of 203	MV Calc	FX	MV (\$)
CIT	USD	(36,770)	11.16	(410,353.20)	1	(410,353.20)
MBI	USD	(184,000)	12.88	(2,369,920.00)	1	(2,369,920.00)
NEW	USD	(83,805)	26.22	(2,197,367.10)	1	(2,197,367.10)
NBDFF	USD	(16,238)	4.18115	(67,893.51)	1	(67,893.51)
RAS	USD	(54,600)	7.35	(401,310.00)	1	(401,310.00)
WFC	USD	(96,500)	39.8	(3,840,700.00)	1	(3,840,700.00)
WB	USD	(69,000)	18.75	(1,293,750.00)	1	(1,293,750.00)
WM	USD	(435,876)	4.25	(1,852,473.00)	1	(1,852,473.00)
912810PW2	USD	(23,000,000)	100.031	(23,007,130.00)	1	(23,007,130.00)
912828HZ6	USD	(4,600,000)	100.93	(4,642,780.00)	1	(4,642,780.00)
912828CA6	USD	(15,000,000)	104.75049	(15,712,573.50)	1	(15,712,573.50)
Type 5	USD	56,231,081.00	1	56,231,081.00	1	56,231,081.00
<b>Net USD</b>						<b>434,830.69</b>
Valeo	EUR	(22,250)	32.37989	(720,452.55)	1.43870132	(1,036,516.04)
Atos	EUR	(49,200)	25.17263	(1,238,493.40)	1.43870132	(1,781,822.08)
Type 5	EUR	1,845,266.49	1	1,845,266.49	1.43870132	2,654,787.33
<b>Net EUR</b>						<b>(163,550.79)</b>
CM	CAD	(8,880)	62.50493	(555,043.78)	0.95352472	(529,247.96)
NBDFF	CAD	(519,735)	4.38494	(2,279,006.79)	0.95352472	(2,173,089.31)
Type 5	CAD	2,819,674.27	1	2,819,674.27	0.95352472	2,688,629.12
<b>Net CAD</b>						<b>(13,708.15)</b>
<b>Total USD Due Stonehill</b>						<b>257,571.75</b>

## EXHIBIT D FOR STONEHILL OFFSHORE PARTNERS

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Fund	LEHM A/C #	Month Expected	Internal ID	LEHM ID	CCY	Amount (USD)	Notes	Record date	Described in
Stonehill Offshore Partners	732-40125	September-08	GHP	GBP	272.38		INTEREST	9/21/2008	INTEREST ON CREDIT BALANCE FROM 08/21 THRU 09/21 @ 4.455% BAL 73.420 ABAL 64.455 INTEREST PAID FOR 31 DAYS
Stonehill Offshore Partners	732-40125	September-08	USD	USD	12.24		INTEREST	9/21/2008	INTEREST ON CREDIT BALANCE FROM 08/29 THRU 09/29 @ 1.58% BAL 281.137 ABAL 282.157 INTEREST PAID FOR 31 DAYS
Stonehill Offshore Partners	732-40125	September-08	USD	USD	123.74		INTEREST	9/21/2008	INTEREST ON CREDIT BALANCE FROM 08/22 THRU 09/16 @ 3.162% BAL 485.641 ABAL 487.177 INTEREST PAID FOR 6 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	123.82		INTEREST	9/16/2008	INTEREST ON CREDIT BALANCE FROM 09/16 THRU 09/16 @ 3.162% BAL 485.641 ABAL 487.177 INTEREST PAID FOR 6 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	634.81		INTEREST	9/15/2008	INTEREST ON CREDIT BALANCE FROM 09/15 THRU 09/15 @ 3.000% BAL 785.728 ABAL 785.728 INTEREST PAID FOR 1 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	97.05		INTEREST	9/14/2008	INTEREST ON CREDIT BALANCE FROM 09/14 THRU 09/14 @ 3.000% BAL 821.164 ABAL 821.164 INTEREST PAID FOR 1 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	473.55		INTEREST	9/13/2008	INTEREST ON CREDIT BALANCE FROM 09/13 THRU 09/13 @ 3.000% BAL 821.164 ABAL 821.164 INTEREST PAID FOR 7 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	688.52		INTEREST	9/12/2008	INTEREST ON CREDIT BALANCE INTEREST ON CREDIT BALANCE THRU 5/CR 08/21 @ 3.000% BAL 821.164 ABAL 821.164 TRND-SSTAT-OINT
Stonehill Offshore Partners	732-40125	September-08	USD	USD	-518.28		INTEREST	9/12/2008	INTEREST ON CREDIT BALANCE FROM 09/19 THRU 09/19 @ 3.1% BAL 2884.09% A-BAL 275.408 INTEREST CHARGED FOR 3 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	-77.47		INTEREST	9/12/2008	INTEREST ON CREDIT BALANCE FROM 09/18 THRU 09/18 @ 3.136% BAL 524.497 ABAL 524.497 INTEREST CHARGED FOR 1 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	-6.73		INTEREST	9/12/2008	INTEREST ON CREDIT BALANCE FROM 08/21 THRU 08/21 @ 2.14% BAL 107.171 ABAL 107.171 INTEREST CHARGED FOR 1 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	-76.92		INTEREST	9/12/2008	INTEREST ON CREDIT BALANCE FROM 08/20 THRU 08/20 @ 2.14% BAL 107.171 ABAL 107.171 INTEREST CHARGED FOR 1 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	-43.83		INTEREST	9/12/2008	INTEREST ON CREDIT BALANCE FROM 09/28 @ 2.812% BAL 447.778 ABAL 447.778 INTEREST CHARGED FOR 1 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	-1.134.41		INTEREST	9/12/2008	INTEREST ON CREDIT BALANCE FROM 09/27 THRU 09/27 @ 2.812% BAL 447.778 ABAL 447.778 INTEREST CHARGED FOR 2 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	NBDF	USD	-40.99		INTEREST	9/12/2008	INTEREST ON CREDIT BALANCE FROM 09/14 THRU 09/14 @ 2.707% BAL 467.592 ABAL 467.592 INTEREST CHARGED FOR 4 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	USD	USD	-51.721.39		DIVIDEND	9/12/2008	NORBORD INC
Stonehill Offshore Partners	732-40125	September-08	B03TK2	USD	9.91		INTEREST	9/12/2008	INTEREST ON CREDIT BALANCE FROM 09/22 THRU 09/22 @ 1.14% BAL 205.862 ABAL 205.862 INTEREST PAID FOR 3 DAY(S)
Stonehill Offshore Partners	732-40125	September-08	1BVKU1B4	USD	121.629.26		DIVIDEND	9/12/2008	***LEHMANN BROTHERS US DOLLAR LIQUIDITY FUNDING DIVIDENDS CL MORTGAGE DIVIDENDS
Stonehill Offshore Partners	732-40125	September-08	1BVKU2	USD	171.301.52		INTEREST	10/7/2008	MAC CAPITAL LTD RMD .000000001 07/14/2007 00000004 7/24/2023 CLASS A1 5.6200%
Stonehill Offshore Partners	732-40125	September-08	1BVKU3	USD	19.9015		INTEREST	8/27/2008	COUNTRYWIDE ASSET-BACKED CITS SERIES 2006-S2 A-1 6.5500% 01/25/2034 126684XACJ
Stonehill Offshore Partners	732-40125	September-08	1BVKU4	USD	15129.06		PAYOUT	8/27/2008	COUNTRYWIDE ASSET-BACKED CITS SERIES 2006-S2 A-1 6.5500% 01/25/2036 126684XACX
Stonehill Offshore Partners	732-40125	September-08	1BVKU5	USD	30.669.05		INTEREST	8/27/2008	COUNTRYWIDE ASSET-BACKED CITS SERIES 2006-S2 A-1 6.5500% 04/25/2036 126684XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU6	USD	10.91.39		INTEREST	8/27/2008	COUNTRYWIDE ASSET-BACKED CITS CERTIF. SERIES 2006-S7 CLASS A3 5.5500% 04/25/2035 126684XAC
Stonehill Offshore Partners	732-40125	September-08	1BVKU7	USD	27.221.48		INTEREST	8/27/2008	CWHEQ HOME EQUITY INT'L SERIES 2006-S5 CLASS A2 5.6610% 01/25/2035 126684XAF6
Stonehill Offshore Partners	732-40125	September-08	1BVKU8	USD	10.08.72		INTEREST	8/27/2008	CWHEQ HOME EQUITY TRUST MTG/CIS SERIES 2006-S2 A-2 VAR 5.6200% 01/25/2035 126684XAF7
Stonehill Offshore Partners	732-40125	September-08	1BVKU9	USD	44.78.00		INTEREST	8/27/2008	CWHEQ HOME EQUITY LOAN TRUST MTG/CIS SERIES 2006-S2 A-2 VAR 5.6200% 01/25/2037 126685DW3
Stonehill Offshore Partners	732-40125	September-08	1BVKU10	USD	62.270.47		PAYOUT	8/27/2008	CWHEQ HOME EQUITY LOAN TRUST MTG/CIS SERIES 2006-S2 A-2 VAR 5.6200% 01/25/2037 126685DW9
Stonehill Offshore Partners	732-40125	September-08	1BVKU11	USD	3.995.79		INTEREST	8/27/2008	CWHEQ HOME EQUITY LOAN TRUST MTG/CIS SERIES 2006-S2 A-2 VAR 5.6200% 01/25/2035 126685VA7
Stonehill Offshore Partners	732-40125	September-08	1BVKU12	USD	5.31.342		INTEREST	9/2/2008	COUNTRYWIDE ASSET-BACKED CERTI. SERIES 2006-S7 CLASS A3 4.6930% 01/25/2035 126685VA7
Stonehill Offshore Partners	732-40125	September-08	1BVKU13	USD	32.759.45		INTEREST	8/27/2008	GMACH HOME EQUITY LIN TR SERIES 2006-HEI CLASS A2 5.4768% 02/25/2036 126685VA9
Stonehill Offshore Partners	732-40125	September-08	1BVKU14	USD	2.781.56		INTEREST	8/27/2008	GMACH HOME EQUITY LIN TR SERIES 2006-HEI CLASS A2 5.7080% 02/25/2036 126685VA9
Stonehill Offshore Partners	732-40125	September-08	1BVKU15	USD	14.626.11		INTEREST	8/27/2008	GMACH HOME EQUITY LIN TR SERIES 2006-HEI CLASS A2 5.7080% 02/25/2036 126685VA9
Stonehill Offshore Partners	732-40125	September-08	1BVKU16	USD	79.328.39		INTEREST	8/27/2008	GMACH HOME EQUITY LIN TR SERIES 2006-HEI CLASS A2 5.7080% 02/25/2037 126686LBC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU17	USD	97.270.00		INTEREST	8/27/2008	GMACH HOME EQUITY LIN TR SERIES 2006-HEI CLASS A2 5.7080% 02/25/2037 126686LBCD
Stonehill Offshore Partners	732-40125	September-08	1BVKU18	USD	17.65.88		INTEREST	8/27/2008	GMACH HOME EQUITY LIN TR SERIES 2007-ME CLASS A6 4.4400% 12/25/2037 36161LADS
Stonehill Offshore Partners	732-40125	September-08	1BVKU19	USD	80.210.63		PAYOUT	8/27/2008	GMACH HOME EQUITY LIN TR SERIES 2006-HEI CLASS A2 5.4900% 12/25/2037 36161LAG8
Stonehill Offshore Partners	732-40125	September-08	1BVKU20	USD	92.921.66		INTEREST	9/2/2008	GMACH HOME EQUITY LOAN TRUST MTG/CIS SERIES 2006-HEI CLASS A2 5.7080% 02/25/2037 126686VA8
Stonehill Offshore Partners	732-40125	September-08	1BVKU21	USD	14.626.11		INTEREST	8/27/2008	GMACH HOME EQUITY LOAN TRUST MTG/CIS SERIES 2006-HEI CLASS A2 5.7080% 02/25/2037 126686VA7
Stonehill Offshore Partners	732-40125	September-08	1BVKU22	USD	79.328.39		INTEREST	8/27/2008	GMACH HOME EQUITY LOAN TRUST MTG/CIS SERIES 2006-HEI CLASS A2 5.7080% 02/25/2037 126686VA7
Stonehill Offshore Partners	732-40125	September-08	1BVKU23	USD	20.160.00		PAYOUT	8/31/2008	PHH MORTGAGE TRUST SER 2007-SU CLASS STTATGS 144A 6.6000% 12/25/2027 69317YABA
Stonehill Offshore Partners	732-40125	September-08	1BVKU24	USD	77.99.98		INTEREST	8/31/2008	RESIDENTIAL FGD MTO SEC II IN TR SERIES 144A 6.6000% 02/25/2028 69317YABA
Stonehill Offshore Partners	732-40125	September-08	1BVKU25	USD	122.159		INTEREST	9/27/2008	RESIDENTIAL FGD MTO SEC II IN TR SERIES 144A 6.6000% 02/25/2028 69317YABA
Stonehill Offshore Partners	732-40125	September-08	1BVKU26	USD	81.141.14		PAYOUT	9/27/2008	RESIDENTIAL FGD MTO SEC II IN TR SERIES 144A 6.6000% 02/25/2028 69317YABA
Stonehill Offshore Partners	732-40125	September-08	1BVKU27	USD	171.120.00		INTEREST	9/24/2008	RESIDENTIAL FGD MTO SEC II IN TR SERIES 144A 6.6000% 02/25/2037 126685VQ2
Stonehill Offshore Partners	732-40125	September-08	1BVKU28	USD	8.71.51.49		INTEREST	9/24/2008	RESIDENTIAL FGD MTO SEC II IN TR SERIES 144A 6.6000% 02/25/2037 126685VQ2
Stonehill Offshore Partners	732-40125	September-08	1BVKU29	USD	27.55.55		DIVIDEND	9/13/2008	C BANK PIC EURO NBD MEDIUM TERM NOTE 5.71200% 09/20/2009 69316SPB0
Stonehill Offshore Partners	732-40125	September-08	1BVKU30	USD	30.160.00		INTEREST	9/30/2008	STANDARD PACIFIC CORP CFT SENIOR SUB NOTES 6.0000% 10/01/2012 83163AA8
Stonehill Offshore Partners	732-40125	September-08	1BVKU31	USD	81.715.00		INTEREST	9/20/2008	WOLVERINE TUBE INC SENIOR NOTE 8.10.5000% 04/20/2009 69316AA8
Stonehill Offshore Partners	732-40125	September-08	1BVKU32	USD	24.71.34		DISTRIBUTION	10/4/2008	ENRON CORP 0.77000% 12/31/2009 69316AA8
Stonehill Offshore Partners	732-40125	September-08	1BVKU33	USD	51.161.50		INTEREST	10/17/2008	ENRON CORP DEFAULT 0.77000% 12/31/2009 69316AA8
Stonehill Offshore Partners	732-40125	September-08	1BVKU34	USD	279.843.75		FUGITIVE AVIATION LEASE SECURITY AGREEMENT SENIOR NOTES 8.10.5000% 05/10/2031 703577RAA8		
Stonehill Offshore Partners	732-40125	September-08	1BVKU35	USD	30.104.09		INTEREST	10/1/2008	BRODER BROS CO SR NOTE 11.44A 6.7906% 01/14/07/2011 10437CA87
Stonehill Offshore Partners	732-40125	September-08	1BVKU36	USD	80.893.33		FUGITIVE AVIATION LEASE SECURITY AGREEMENT SENIOR NOTES 8.10.5000% 05/10/2031 703577RAA8		
Stonehill Offshore Partners	732-40125	September-08	1BVKU37	USD	12.281.50		INTEREST	9/20/2008	CITIGROUP EXCO CO. LTD. 11.5000% 11/02/2011 12536EA5
Stonehill Offshore Partners	732-40125	September-08	1BVKU38	USD	196.72		DISTRIBUTION	10/1/2008	PORTLAND GENERAL ELECTRIC CO NEW 11.5000% 07/01/2010 12536EA5
Stonehill Offshore Partners	732-40125	September-08	1BVKU39	USD	121.141.66		INTEREST	9/20/2008	ENRON CORP 0.77000% 12/31/2009 69316AA8
Stonehill Offshore Partners	732-40125	September-08	1BVKU40	USD	28.132.49		DISTRIBUTION	10/14/2008	ENRON CORP DEFAULT 0.77000% 12/31/2009 69316AA8
Stonehill Offshore Partners	732-40125	September-08	1BVKU41	USD	127.584.00		INTEREST	10/14/2008	ENRON CORP 0.77000% 12/31/2009 69316AA8
Stonehill Offshore Partners	732-40125	September-08	1BVKU42	USD	18.186.93		PAYOUT	9/30/2008	ESCRW GUANGDONG INT'L & INV 144A 7.5000% 11/14/07/2011 10437CA87
Stonehill Offshore Partners	732-40125	September-08	1BVKU43	USD	125.561AA9		INTEREST	10/1/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU44	USD	109.15.58		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU45	USD	12.281.46		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU46	USD	109.1.71		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU47	USD	44.781.00		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU48	USD	32.152.45		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU49	USD	36.186.49		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU50	USD	79.77.18		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU51	USD	79.228.44		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU52	USD	97.120.06		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU53	USD	176.5.82		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU54	USD	44.781.50		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU55	USD	120.130.83		PAYOUT	9/30/2008	ESCRW GUANGDONG INT'L & INV 144A 7.5000% 11/14/07/2011 10437CA87
Stonehill Offshore Partners	732-40125	September-08	1BVKU56	USD	109.15.58		INTEREST	10/1/2008	CITIGROUP EXCO CO. LTD. 11.5000% 11/02/2011 12536EA5
Stonehill Offshore Partners	732-40125	September-08	1BVKU57	USD	12.281.46		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU58	USD	109.15.58		INTEREST	9/20/2008	GMACH HOME EQUITY LIN TR SERIES 2006-SEI CLASS A3 5.5500% 04/25/2036 126685XAC9
Stonehill Offshore Partners	732-40125	September-08	1BVKU59	USD	12.281.46		INTEREST	9/20	

EXHIBIT D FOR STONEHILL OFFSHORE PARTNERS

Pg 88

**SO EXHIBIT E**

**STONEHILL OFFSHORE PARTNERS LTD  
WIRES ON PRIVATE INSTRUMENTS THAT WERE MISDIRECTED TO LBI**

ACCOUNT	CURRENCY	AMOUNT	DATE	DESCRIPTION
732-40125	EUR	262.34	9/10/2008	Unipoly wire from Deutsche Bank
732-40125	GBP	25,011.80	9/10/2008	Unipoly wire from Deutsche Bank
732-40125	USD	34,283.33	11/28/2008	Murray Energy wire from Goldman Sachs
732-40125	USD	378,776.44	11/28/2008	Murray Energy wire from Goldman Sachs
732-40125	USD	14,188.01	12/31/2008	Entegra 2nd Lien wire from Lehman CP

CURRENT  
EXCH  
RATE

TOTAL	EUR	262.34	1.35	353.37
TOTAL	GBP	25,011.80	1.52	37,917.89
TOTAL	USD	427,247.78	1.00	<u>427,247.78</u>
TOTAL	AS CONVERTED			465,519.04 a)

a) Note: Currencies are converted to USD only for the purpose of tallying a rough dollar amount due. Stonehill is not aware of the LBI estate's policies regarding converting foreign wires, the date used for conversion, or whether foreign wires will be delivered in original currency.

SO Exhibit F Page 1 of 2

BMR56 CLIENT 012 732-41222 AR: HBI STONEHILL OFFSHORE P		MARGIN ACTIVITY STATEMENTS		09/19/08		PAGE 93829	
		CURR-CODE: 000					
TC	-BALANCES	CLOSE T/D BAL	OPEN S/D BAL	CLOSE S/D BAL	00.00	MARKET VALUE	PLA
12	OPEN T/D BAL	00.00	00.00	00.00	00.00	5,500,000	09/18/08
NO ACTIVITY FOR THIS ACCOUNT							
-POSITIONS-							
TC LDA	LONG/SMART(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARKET VALUE	MARGIN REQUIREMENT	
12 091800	5,500,000.0000	MILLEMAN BROTHERS US DOLLAR LIQUIDITY FUND INSTL DIST CL	G5460B126G A0003561	1.00000H	5,500,000	5,500,000	
-TOTALS-							
TOT MN	5,500,000	OLD SMA	SMA	0	SMA CHANGE	0	
EQUITY	5,500,000	LIQ EQT	5,500,000	EQY %	NEW HSE CALL	0	
CSH AV	0	BUYING P	0	0	NYSE QTR REQ	0	

LEHMAN BROTHERS

SO Exhibit F page 2 of 2

For the period 08/30/2008 to 09/30/2008

STONEHILL OFFSHORE  
PARTNERSHIP LTD  
C/O CITICO FUND SERVICES

Base Currency : USD  
Account Number : 732-40125-H81

**Monthly Activity**

(Continued)

<b>MOVEMENTS OF FUNDS</b>	<b>Settlement Date</b>	<b>Transaction</b>	<b>Description</b>	<b>Amount</b>
	09/16/2008	PAID BY WIRE	WIRE PAYMENT TD 09/12/08 SD	( 188,000,000.00 )
	09/18/2008		INWIRE RF#0311699 0008 INES(02) NORTHWEST AIRLINES 6 CITIUS33	204,909.09
	09/16/2008	PAID BY WIRE	WIRE PAYMENT TD 09/16/08 SD	( 5,000,000.00 )
	09/16/2008		TFR TO ACCT 732-41222-2	( 2,018,932.38 )
	09/17/2008		TFR TO ACCT 732-41222-1	( 5,500,000.00 )
	09/17/2008		REF # 9N44323	919,994.61
	09/18/2008		INWIRE RF#0352200 0008 INES(02) NORTHWEST AIRLINES 6 CITIUS33	26,290.98
	09/18/2008		TFR FROM ACCT 732-41222-1	3,565,571.55
	09/19/2008		INWIRE RF#0919BB7HJ2R008975 026009593 PART NERS LTD FFC A/C 732-401 WCI COMMUNITIES, INC	31,807.57
			<b>TOTAL NET MOVEMENTS OF FUNDS / USD</b>	<b>( 172,269,540.62 )</b>
			<b>GBP</b>	
		09/08/2008	FRM STK TO CMDY	( 103,624.20 )
		09/18/2008	TFR FROM ACCT 732-41222-1	25,038.00
			<b>TOTAL NET MOVEMENTS OF FUNDS / GBP</b>	<b>( 78,586.20 )</b>
			<b>EUR</b>	

For the period 08/01/2008 to 08/29/2008

STONEHILL OFFSHORE  
PARTNERSHIP LTD  
C/O CITICO FUND SERVICESBase Currency : USD  
Account Number : 732-40125 H81

## Monthly Activity

(Continued)

PURCHASES & SALES	Settlement Date	Transaction	Quantity	Description	Price	Amount
	08/12/2008	BOUGHT	14,950	ACACIA RESEARCH - ACACIA TECHNOLOGIES UNSOLICITED TMS0870770870176160TMS PLUS 448.50 COMM CHARGED BY LEHM	4,1589	( 62,824.08 )
	08/12/2008	SOLD	240,534	***BARRATT DEVELOPMENTS PLC AVERAGE PRICE UNSOLICITED TMS-REF200808110136535 TMS0871120870138555TMS 288,029.83 GBP TOTAL AS OF 08/07/08	2,3308	580,074.19
	08/12/2008	BOUGHT	2,000,000	***MAC FUNDING LTD PRIN PROTECTED SEC'S ACCREDITED INV'S UNSOLICITED TMS0871170870044482TMS PLUS 0.00 COMM CHARGED BY CHSE	.3275	( 655,000.00 )
	08/12/2008	SOLD	6,300	PGT INC UNSOLICITED TMS0870770870182504TMS LESS 262.00 COMM 0.19 FEE CHARGED BY MOUN	5.1960	32,482.61
	08/12/2008	SOLD	27,500	ROSETTA RESOURCES INC UNSOLICITED TMS0870770870182500TMS LESS 825.00 COMM 3.50 FEE CHARGED BY GSCO	22.7217	624,018.25
	08/12/2008	BOUGHT	8,385	***ZARLINK SEMICONDUCTOR INC UNSOLICITED	.7168	( 6,260.99 )

# LEHMAN BROTHERS INC

## TRADE CONFIRMATION

To: Stonehill Institutional Partners, L.P.  
Contact: Steve Nelson  
Tel No.: 212-739-7470  
Fax No.: 212-838-2291  
Email: [snelson@stonehillcap.com](mailto:snelson@stonehillcap.com)

From: Lehman Brothers Inc.  
Contact: Denise Rossell  
Tel No.: 212-526-1490  
Fax No.: 646-758-4993  
Email: [drrossell@lehman.com](mailto:drrossell@lehman.com)

Trade Confirmations: Jessica Markowitz  
Tel. No.: 212-526-1490  
Fax No.: 646-758-4993  
Email: [Jessica.markowitz@lehman.com](mailto:Jessica.markowitz@lehman.com)

We are pleased to confirm the following transaction (the "Transaction"):

Trade Date: March 27, 2008  
Seller: Stonehill Institutional Partners, L.P., as Principal  
Buyer: Lehman Brothers Inc., as Principal  
Issuer: US Power Generating Company  
Quantity: 6,400 Class A Shares issued under Certificate of Incorporation (as amended or amended and restated from time to time, the "Certificate of Incorporation") of US Power Generating Company, a Delaware corporation  
Purchase Price: \$28.00 per Unit

Other terms:

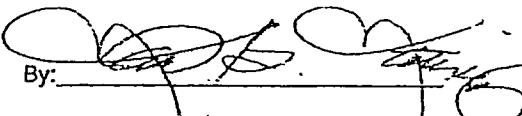
1. Buyer and Seller agree that the Transaction shall be subject to the transfer requirements set forth in the Certificate of Incorporation; it being understood and agreed that Buyer shall cooperate in all reasonable respects with Seller to cause the Transaction to satisfy such requirements;
2. Buyer and Seller agree to execute and deliver any necessary documentation required pursuant the Certificate of Incorporation (the "Certificate") or by counsel to the Issuer (including, without limitation, in the case of Buyer, a Rule 144A Certificate, Regulatory Certificate and if applicable, a Confidentiality Agreement and, in the case of both parties, a NASD Transfer Form and Letter Agreement with respect to Section 1(b)(i) of Article Five of the Certificate), in order to effect the Transaction.
3. All dividends, payments or any other distributions made on or after the Trade Date are for the Buyer's account.

Please provide the signature of a duly authorized signatory where indicated below and return this letter to the attention of **Jessica Markowitz** at the following e-mail address: [Jessica.markowitz@lehman.com](mailto:Jessica.markowitz@lehman.com).

If you have any questions, please contact **Jessica Markowitz** at 212-526-7598.

2

LEHMAN BROTHERS INC.

By: 

Name: MARTHA G. MARTINEZ  
Title: AUTHORIZED SIGNATORY

Date: \_\_\_\_\_

Stonehill Institutional Partners, L.P.

By: 

Name: Steven D. Nelson  
Title: CFO  
Date: 4/3/08

# LEHMAN BROTHERS INC

## TRADE CONFIRMATION

To: Stonehill Offshore Partners Limited  
Contact: Steve Nelson  
Tel No.: 212-739-7470  
Fax No.: 212-838-2291  
Email: [snelson@stonehillcap.com](mailto:snelson@stonehillcap.com)

From: Lehman Brothers Inc.  
Contact: Denise Rosselli  
Tel No.: 212-526-1490  
Fax No.: 646-758-4993  
Email: [drossell@lehman.com](mailto:drossell@lehman.com)

Trade Confirmations: Jessica Markowitz  
Tel. No.: 212-526-1490  
Fax No.: 646-758-4993  
Email: [Jessica.markowitz@lehman.com](mailto:Jessica.markowitz@lehman.com)

We are pleased to confirm the following transaction (the "Transaction"):

Trade Date: March 27, 2008  
Seller: Stonehill Offshore Partners Limited, as Principal  
Buyer: Lehman Brothers Inc., as Principal  
Issuer: US Power Generating Company  
Quantity: 8,730 Class A Shares issued under Certificate of Incorporation (as amended or amended and restated from time to time, the "Certificate of Incorporation") of US Power Generating Company, a Delaware corporation  
Purchase Price: \$28.00 per Unit

Other terms:

1. Buyer and Seller agree that the Transaction shall be subject to the transfer requirements set forth in the Certificate of Incorporation; it being understood and agreed that Buyer shall cooperate in all reasonable respects with Seller to cause the Transaction to satisfy such requirements;
2. Buyer and Seller agree to execute and deliver any necessary documentation required pursuant the Certificate of Incorporation (the "Certificate") or by counsel to the Issuer (including, without limitation, in the case of Buyer, a Rule 144A Certificate, Regulatory Certificate and if applicable, a Confidentiality Agreement and, in the case of both parties, a NASD Transfer Form and Letter Agreement with respect to Section 1(b)(l) of Article Five of the Certificate), in order to effect the Transaction.
3. All dividends, payments or any other distributions made on or after the Trade Date are for the Buyer's account.

Please provide the signature of a duly authorized signatory where indicated below and return this letter to the attention of **Jessica Markowitz** at the following e-mail address: [Jessica.markowitz@lehman.com](mailto:Jessica.markowitz@lehman.com).

If you have any questions, please contact **Jessica Markowitz** at 212-526-7598.

page 4 of 4

2

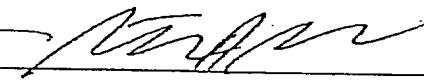
LEHMAN BROTHERS INC.

By: 

Name: MARTHA G. MARTINEZ  
Title: AUTHORIZED SIGNATORY

Date: \_\_\_\_\_

Stonehill Offshore Partners Limited

By: 

Name: Steven D. Nelson  
Title: CFO

Date: 4/2/08

SD Exhibit H(b)

7

EquityMSG

Screen Printed

1/23 8:50:20

Page 1 / 2

From: •JAY COYLE (MERRILL LYNCH/NY,WFC)

Subject: PROJECT ENERGY BANK DEBT -

No Attachments



FIRST DAY AT BANK OF AMERICA

Cell: (917)699-9191

ENERGY PROJECT BANK DEBT

ANP TL A	92	- 94	3x3	LA PALOMA 1ST	71	- 73 $\frac{1}{2}$	3x
ANP TL B	89	- 91	3x3	LA PALOMA 2ND	59	- 63	2x2
BOSTON GEN 1ST	62 $\frac{1}{4}$	- 64 $\frac{1}{4}$	5x3	LIBERTY ELEC 1ST	75	- 80	
BOSTON GEN 2ND	26 $\frac{1}{2}$	- 31 $\frac{1}{2}$	2x2	LIBERTY ELEC MEZZ	50	- 55	
BOSTON GEN MEZZ	7	- 12	2x2	LONGVIEW STRIP	70	- 72	P/B
US POWER EQUITY	6.00	- 7.50	50kx75k	MACHGEN 2ND	60	- 62	3x3
BOSQUE TERM	65	- 70	3x	MACHGEN UNITS	90	- 130	5kx5k
ENTEGRA 2ND LIEN	71	- 72 $\frac{1}{2}$	3x3	TENASKA 1ST	88	- 90	
ENTEGRA 3RD LIEN	33	- 35	3x3	TENASKA 2NDS	62	- 65	2x2
ENTEGRA EQUITY	3.00	- 4.00	75x75	ASTORIA 1ST	84 $\frac{1}{2}$	- 86	
KELSON 1ST	78	- 81	3x2	ASTORIA 2NDS	71	- 74	P/S
KELSON 2ND	47 $\frac{1}{2}$	- 51 $\frac{1}{2}$	5x5				
KELSON MEZZ	27	- 37					

## Unsettled Zarlink Trades

	Total Qty	Off	SI		Total Cost	Off	SI
8/15/2008							
Original trade	55,000	25,300	29,700		41,402.00	19,045.00	22,357.00
Unsettled	14,000	6,440	7,560		10,539	4,847.82	5,690.87
	25.45%				25.45%		
Corrected	41,000	18,860	22,140		30,863	14,197.18	16,666.13
8/20/2008							
Original trade	60,500	27,830	32,670		46,029	21,173.00	24,856.00
Unsettled	45,500	20,930	24,570		34,617	15,923.50	18,693.36
	75.21%				75.21%		
Corrected	15,000	6,900	8,100		11,412	5,249.50	6,162.64
Pre-adj	7,654,640	5,490,156	2,164,484		5,663,502.66	3,974,221.71	1,689,280.95
Adjustments		(27,370)	(32,130)			(20,771.31)	(24,384.23)
New	7,595,140	5,462,786	2,132,354		5,618,347.12	3,953,450.40	1,664,896.72
Cash Adj on unsettled	CAD	↓		Rate	USD		
8/15/2008	11,193.00	5,148.78	6,044.22	0.94154			
8/20/2008	36,818.60	16,936.56	19,882.04	0.94020			
Claim on Exhibit I	48,011.60	22,085.34	25,926.26				
CUSIP # 989139100							

Stonehill Offshore Exhibit I

FX Forward Adj

9/19/2008

FX	Due Date	Offshore Qty	Cost	Price	FMV	Unrealized
CAD	5/26/09	(6,650,000)	(6,443,798.45)	0.9510046	(6,324,180.74)	119,617.71
CAD	5/26/09	(5,520,000)	(5,374,616.62)	0.9510048	(5,249,545.51)	125,071.11
CHF	12/29/08	(19,000,000)	(18,399,264.03)	0.9103138	(17,295,962.04)	1,103,301.99
Euro	12/29/08	(14,000,000)	(21,220,080.00)	1.4439997	(20,215,995.80)	1,004,084.20
Euro	6/24/09	(6,695,500)	(10,287,635.75)	1.4326946	(9,592,606.69)	695,029.06
GBP	9/22/08	(4,100,000)	(8,099,550.00)	1.8357450	(7,526,554.50)	572,995.50
GBP	12/22/08	(9,000,000)	(17,747,100.00)	1.8262393	(16,436,153.70)	1,310,946.30
GBP	3/26/09	(9,000,000)	(17,362,800.00)	1.8152082	(16,336,873.80)	1,025,926.20
GBP	6/24/09	(1,500,000)	(2,888,175.00)	1.8061452	(2,709,217.80)	178,957.20
		(107,823,019.85)		(101,687,090.59)		6,135,929.26

TOTAL: 6,135,929.26

Page 2 of 3

LEHMAN BROTHERS INC  
745 7TH AVE  
NY 10019

**FUTURES/FOREIGN EXCHANGE  
CONFIRMATION**

STONEHILL OFFSHORE PART LTD  
C/O CITCO FD SERVICES  
PO BOX 31106 SMB  
GRAND CAYMAN  
CAYMAN ISLANDS

SEP 22, 2008	
IR NUMBER	ACCOUNT
099	23040125
Page 2	

US NON-SEGREGATED ACCOUNT

- - - - - F O R E I G N E X C H A N G E O P E N P O S I T I O N S - - - - -

Date	B/S	Base Currency	Maturity	Currency Pair	Counter Amount	Rate	Net Present Value
					Total FX Long Option value		OCR* USD
					Total FX Short Option Value		OCR* USD
					Net FX Option Value		OCR* USD

Curr	Notional	USD Equivalent	Delta Notional	Delta USD Equiv
EUR	20,695,500.00DB	29,808,602.49DB	20,695,500.00DB	29,808,602.49DB
GBP	19,500,000.00DB	35,482,245.30DB	19,500,000.00DB	35,482,245.30DB
CAD	12,170,000.00DB	11,573,726.25DB	12,170,000.00DB	11,573,726.25DB
CHF	19,000,000.00DB	17,295,962.04DB	19,000,000.00DB	17,295,962.04DB
Sum of the Absolute Values:		94,160,536.08		94,160,536.08

- - - - - M A R G I N R E Q U I R E M E N T S U M M A R Y - - - - -

Margin Requirement	Initial	Equity	Margin
		Excess/Deficit	Call/Excess
GBP	OCR	4,100,000.00DB	4,100,000.00DB
JPY	CR	CR	CR
USD	4,642,874.10DB	8,099,550.00CR	3,456,675.90CR

Total Value in Base Currency

JSD	4,642,874.10DB	572,995.50CR	4,069,878.60DB
-----	----------------	--------------	----------------

- - - - - A C C O U N T V A L U E S U M M A R Y - - - - -

Account Balance	Unrealized G/L on Futures	Net Present Value on Forwards	Net Option Value	Collateral Market Value	Net Liquidating Value
GBP	4,100,000.00DB	OCR	OCR	OCR	4,100,000.00DB
JPY	CR	CR	CR	CR	CR
JSD	8,099,550.00CR	OCR	5,489,298.79CR	OCR	13,588,848.79CR

Total Value in Base Currency

JSD	572,995.50CR	OCR	5,489,298.79CR	OCR	0CR	6,062,294.29CR
-----	--------------	-----	----------------	-----	-----	----------------

----- CURRENCY CONVERSION RATES -----

Base Currency - USD

POUND STG	GBP	1.8357450
J YEN	JPY	107.0700000

page 3 of 3

LEHMAN BROTHERS INC  
745 7TH AVE  
NY 10019

**FUTURES/FOREIGN EXCHANGE  
CONFIRMATION**

STONEHILL OFFSHORE PART LTD  
C/O CITCO FD SERVICES  
PO BOX 31106 SMB  
GRAND CAYMAN  
CAYMAN ISLANDS

SEP 22, 2008	
IR NUMBER	ACCOUNT
099	23040125
Page 1	

US NON-SEGREGATED ACCOUNT

- - - - OPENING ACCOUNT BALANCES - - - -

POUND STG	0CR
J YEN	CR
US DOLLAR	0CR

- - - - FOREIGN EXCHANGE SETTLEMENTS - - - -

Date B/S	Base Currency	Maturity	Currency Pair	Counter Amount	Rate	Net Present Value
----------	---------------	----------	---------------	----------------	------	-------------------

The settlement amounts shown below are reflected in the closing cash balance for each currency.

9/19/07 S	4,100,000.00DB	22SEP08 GBP/USD	8,099,550.00CR	TYPE 1.9755000
-----------	----------------	-----------------	----------------	----------------

- - - - CLOSING ACCOUNT BALANCES - - - -

POUND STG	4,100,000.00DB*
J YEN	CR*
JS DOLLAR	8,099,550.00CR*

- - - - FOREIGN EXCHANGE OPEN POSITIONS - - - -

Date B/S	Base Currency	Maturity	Currency Pair	Counter Amount	Rate	Net Present Value
----------	---------------	----------	---------------	----------------	------	-------------------

3/24/08 S	14,000,000.00DB	29DEC08	EUR/USD	21,220,080.00CR	TYPE 1.5157200	995,341.86CR USD
				Net Present Value		995,341.86CR* USD
				Undiscounted MTM	1.4439997	1004,084.20CR* USD
6/20/08 S	6,695,500.00DB	24JUN09	EUR/USD	10,287,635.75CR	TYPE 1.5365000	678,014.44CR USD
				Net Present Value		678,014.44CR* USD
				Undiscounted MTM	1.4326946	695,029.06CR* USD
2/19/07 S	9,000,000.00DB	22DEC08	GBP/USD	17,747,100.00CR	TYPE 1.9719000	1,300,395.52CR USD
				Net Present Value		1,300,395.52CR* USD
3/24/08 S	9,000,000.00DB	26MAR09	GBP/USD	17,362,800.00CR	TYPE 1.9292000	1,008,044.36CR USD
				Net Present Value		1,008,044.36CR* USD
6/20/08 S	1,500,000.00DB	24JUN09	GBP/USD	2,888,175.00CR	TYPE 1.9254500	174,576.24CR USD
				Net Present Value		174,576.24CR* USD
4/10/08 B 3/31/08 B et	5,374,616.62CR 6,443,798.45CR 11,818,415.07CR*	26MAY09	USD/CAD	5,520,000.00DB	TYPE 1.0270500	178,957.20CR* USD
				Undiscounted MTM	1.0320000	122,281.17CR USD
				12,170,000.00DB*		116,949.42CR USD
				Net Present Value		239,230.59CR* USD
				Undiscounted MTM	1.0515196	257,295.09CR* CAD
				Undiscounted MTM In Base		244,688.82CR* USD
5/20/08 B	18,399,264.03CR	29DEC08	USD/CHF	19,000,000.00DB	TYPE 1.0326500	1,093,695.78CR USD
				Net Present Value		1,093,695.78CR* USD
				Undiscounted MTM	1.0985223	1212,001.84CR* CHF
				Undiscounted MTM In Base		1103,301.99CR* USD
				Total FX Forward NPV		5,489,298.79CR* USD
				Total FX Undiscounted MTM		5,562,933.77CR* USD

- - - - CONTINUED ON NEXT PAGE - - - -

## LSTA PAR/NEAR PAR TRADE CONFIRMATION

**To:** *Kelts LLC*

**Attention:** *William Pool*

**Phone No.:** *(203)618-2779*

**Fax No.:** *(203)422-4599*

**Email:** *harry.pool@rbsgc.com*

**From:** *Stonehill Offshore Partners Limited*

**Attention:** *Ann Mauro*

**Phone No.:** *212-739-7474*

**Fax No.:** *212-838-2291*

**Email:** *amauro@stonehill.nb.com*

**Date:** *08/13/2008*

We are pleased to confirm the following transaction, subject to the Standard Terms and Conditions for Par/Near Par Trade Confirmations (the "Standard Terms and Conditions") published by The Loan Syndications and Trading Association, Inc.® (the "LSTA") as of December 1, 2006, which Standard Terms and Conditions are incorporated herein by reference without any modification whatsoever except as otherwise agreed herein by the parties and specifically set forth in the "Trade Specific Other Terms of Trade" section below. The parties hereto agree to submit any dispute as to the reasonableness of a buy-in or sell-out price to binding arbitration in accordance with the LSTA "Rules Governing Arbitration Between Loan Traders With Regard to Failed Trades" in existence on the Trade Date, and to comply with any award or decision issued in connection with such an arbitration proceeding. Capitalized terms used and not defined in this Confirmation have the respective meanings ascribed thereto in the Standard Terms and Conditions.

**Trade Date:** *08/01/2008*

**Seller:** *Stonehill Offshore Partners Limited*  Principal  Agent

**Buyer:** *Kelts LLC*  Principal  Agent

**Credit Agreement:** *CREDIT AGREEMENT dated as of December 21, 2006 among EBG HOLDINGS LLC, the Lenders from time to time party thereto, and CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as administrative agent*

**Borrower:** *EBG HOLDINGS LLC*

**Form of Purchase:** *Assignment*

**Purchase Amount/  
Type of Debt:**

<b>Purchase Amount</b>	<b>Type of Debt</b>	<b>Facility</b>	<b>CUSIP Number</b>
<i>USD 2,000,000.00</i>	<i>Term</i>	<i>Loan</i>	

565561001

**Purchase Rate:** 89.500%      **Loan**

**Up Front Fees:**      **Loan**      **None**  
**(if any):**

**Credit Documentation**      **No**  
**to be provided:**

**Trade Specific**  
**Other Terms of Trade:** Recordation Fee is split and no more than one full fee.

Please provide the signature of a duly authorized officer or other signatory where indicated below and return this letter to the attention of Chris Bleakley at ClearPar at the following fax number (646)453-2870 or email address: christopher.bleakley@fnis.com

If you have any questions, please contact Chris Bleakley at (845)639-4890.

**Stonehill Offshore Partners Limited**

By: **Stonehill Advisers LLC**

By:



Name: Steven Nelson  
Title:

**Kelts LLC**

By: **The Royal Bank of Scotland plc, as sole member**

By: **Greenwich Capital Markets, Inc., its agent**

By:



Name: Karen Brewer  
Title:

Date: August 26, 2008

Status: Effective

To: Kelts LLC as Buyer  
 Attn: William Pool  
 Phone: (203)618-2779  
 Fax: (203)422-4599

From: Stonehill Offshore Partners Limited as Seller  
 Attn: Ann Mauro  
 Phone: 212-739-7474  
 Fax: 212-838-2291

Trade Date: August 1, 2008  
 Credit Agreement: BOSTON GENERATING EBG Mezz (12/06)

Facility: Loan  
 Global Commitment: USD 359,219,921.50  
 Sale Amount: USD 2,000,000.00  
 Percentage of Total: 0.5567619946%

Loans outstanding under facility as of August 26, 2008 (Effective Date)

Pricing Option:	Cur:	Global Amount of Loan:	Buyer's Share of Loan:	Start Date:	Repricing Date:	Base Rate:	Margin:	RAC Rate:	All In Rate:	Exchange Rate:
LIBOR	USD	359,219,921.50	2,000,000.00	Jun 30, 2008	Sep 30, 2008	2.800630	7.000000	0.000000	9.800630	

#### Funding Memorandum Payment Details

On Aug 26, 2008 Buyer will remit to Seller USD 1,788,283.65 calculated as follows:

1,790,000.00 USD (89.5000% x Buyer's share of outstanding loans under the Loan Facility)  
 (Seller will remit full Assignment fee 0.00 USD to the Agent - Not included in remittance amount above)  
 (1,716.35 USD) (Other Fee - Cost of Carry on Aug 26, 2008)

**Seller's Payment Instructions:**

Bank: Chase Manhattan (NYC)  
 ABA #: 021-000-021  
 Account #: 140 094 221  
 Account Name: Lehman Brothers  
 FFC: Stonehill Offshore Partners Limited #: 732-40125  
 Attention: Dmitriy Kovalev  
 Reference: BOSTON GENERATING EBG Mezz (12/06)

Reference Number:

Seller and Buyer hereby agree that payment will be made as calculated above on the Settlement Date.

STONEHILL OFFSHORE PARTNERS LIMITED

By: Stonahill Advisers LLC

KELTS LLC

By: Tha Royal Bank of Scotland plc, as sole member

By: Greenwich Capital

Markets, Inc., its agent

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title:

## ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between Stonehill Offshore Partners Limited (the "Assignor") and Kelts LLC (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: Stonehill Offshore Partners Limited
2. Assignee: Kelts LLC
3. Borrower(s): EBG Holdings LLC
4. Administrative Agent: Credit Suisse, Cayman Islands Branch, as the administrative agent under the Credit Agreement
5. Credit Agreement: The Credit Agreement dated as of December 21, 2006 among the Borrower, the Guarantors, the Lenders and certain other lender parties party thereto, the Administrative Agent, CREDIT SUISSE SECURITIES (USA) LLC and GOLDMAN SACHS CREDIT PARTNERS L.P., as Co-Syndication Agents, CREDIT SUISSE SECURITIES (USA) LLC and GOLDMAN SACHS CREDIT PARTNERS L.P., as Co-Documentation Agents, and CREDIT SUISSE SECURITIES (USA) LLC and GOLDMAN SACHS CREDIT PARTNERS L.P., as Joint Lead Arrangers and Joint Book Running Managers.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans
Loan	USD 359,219,921.50	USD 2,000,000.00	0.556761995%

Effective Date: August 26, 2008

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more Credit Contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower, the other Loan Parties and their Affiliates or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

page 4 of 7

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

**STONEHILL OFFSHORE PARTNERS LIMITED, as  
Assignor**

By: Stonehill Advisers LLC

By: 

Name: Steven Nelson

Title:

ASSIGNEE

**KELTS LLC, as Assignee**

By: The Royal Bank of Scotland plc, as sole member

By:

Greenwich Capital Markets, Inc., its agent

By: 

Name: Karen Brewer

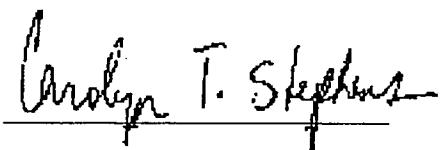
Title:

page 5 of 7

Consented to and Accepted:

**CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as Administrative  
Agent**

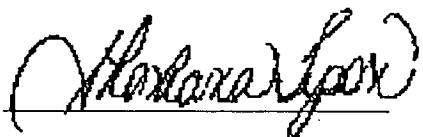
By:



Name: Carolyn Stephens

Title: Assistant Vice President

By:



Name: Shoshana Tyson

Title: Credit Suisse Authorized Signer

Consented to:

**EBG HOLDINGS LLC**

By:

N/A

Name:

Title:

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received and/or had the opportunity to review a copy of the Credit Agreement to the extent it has in its sole discretion deemed necessary, together with copies of the most recent financial statements delivered pursuant to Section 5.03 thereof, as applicable, and such other documents and information as it has in its sole discretion deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Person organized under the laws of a jurisdiction outside the United States, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

---

**Steven Nelson**

**From:** Dvorski, Vera [vera.dvorski@barclayscapital.com]  
**Sent:** Friday, October 10, 2008 11:14 AM  
**To:** Steven Nelson; Kovalev, Dmitriy; Marco, Paul  
**Subject:** RE: Boston Gen EBG Mezz

Hi,

I entered it this morning. Sorry about the delay.

Regards,

Vera Dvorski  
Barclays Capital | Capital Markets Prime Services  
Phone: (212) -526-2361  
Fax: (646) 834-4652  
Email: vera.dvorski@barclayscapital.com

-----Original Message-----

From: Steven Nelson [mailto:SNelson@stonehillcap.com]  
Sent: Friday, October 10, 2008 11:01 AM  
To: Dvorski, Vera; Kovalev, Dmitriy; Marco, Paul  
Subject: RE: Boston Gen EBG Mezz

We don't see this in our account.

Steve Nelson  
Stonehill Capital Management  
885 Third Avenue  
30th Floor  
New York, NY 10022  
T - 212.739.7470 (direct)  
T - 212.739-7474  
F - 212.838.2291  
snelson@stonehillcap.com

-----Original Message-----

From: Dvorski, Vera [mailto:vera.dvorski@barclayscapital.com]  
Sent: Wednesday, October 08, 2008 6:24 PM  
To: Steven Nelson; Kovalev, Dmitriy; Marco, Paul  
Subject: Re: Boston Gen EBG Mezz

Hi,

Yes, the money should be in your acct tomorrow.

Regards,  
Vera

----- Original Message -----

From: Steven Nelson <SNelson@stonehillcap.com>  
To: Steven Nelson <SNelson@stonehillcap.com>; Kovalev, Dmitriy; Marco, Paul; Dvorski, Vera  
Sent: Wed Oct 08 18:17:24 2008  
Subject: RE: Boston Gen EBG Mezz

Any luck with this?

Steve Nelson

Stonehill Capital Management

885 Third Avenue

30th Floor

New York, NY 10022

T - 212.739.7470 (direct)

T - 212.739-7474

F - 212.838.2291

[snelson@stonehillcap.com](mailto:snelson@stonehillcap.com)

---

**From:** Steven Nelson  
**Sent:** Wednesday, October 08, 2008 10:08 AM  
**To:** 'Kovalev, Dmitriy'; 'Marco, Paul'; 'Dvorski, Vera'  
**Subject:** FW: Boston Gen EBG Mezz

Please see the message below. Offshore should have rec'd \$1,788,283.65 on 8/27/08.  
Please check on this.

Thanks,

Steve Nelson

Stonehill Capital Management

885 Third Avenue

30th Floor

New York, NY 10022

T - 212.739.7470 (direct)

T - 212.739-7474

F - 212.838.2291

[snelson@stonehillcap.com](mailto:snelson@stonehillcap.com)

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**From:** Marie.Cowell@rbsgc.com [mailto:[Marie.Cowell@rbsgc.com](mailto:Marie.Cowell@rbsgc.com)]  
**Sent:** Wednesday, October 08, 2008 9:57 AM  
**To:** Steven Nelson; [loanops@rbos.com](mailto:loanops@rbos.com)  
**Subject:** RE: Boston Gen EBG Mezz

Steven,

page 3 of 3

funds were sent on 8/27/08. The Book Transfer # is 0661600240JS.  
Please let me know if you have any more questions.

1,788,283.65 BOOK TRANSFER DEBIT BOOK 0661600240JS SAME 17:04 08/27/2008 STRAIGHT

YOUR REF: ADPHHRF30082400W

PAID TO: 00000000140094221 LEHMAN BROS INC-INCOMING CUST FD INCOMING  
CUSTOMER FUNDS CLS NEW YORK NY 10019

SWIFT ID: GRNWUS33

B/O CUSTOMER: GREENWICH CAPITAL MARKETS INC 600 STEAMBOAT RD GREENWICH CT  
06830-7149

ACCT PARTY: /732907552 LBI

REC GFP: 08272102

Thanks.

Marie Cowell  
RBS Global Banking & Markets  
Office: +1 203 618 2684

-----Original Message-----

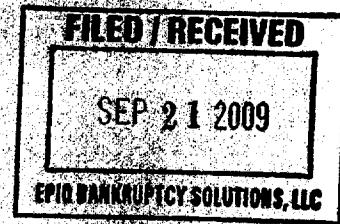
From: Steven Nelson [mailto:[SNelson@stonehillcap.com](mailto:SNelson@stonehillcap.com)]  
Sent: Wednesday, October 08, 2008 9:24 AM  
To: \*GCM Loan Operations  
Subject: Boston Gen EBG Mezz

Stonehill Offshore Partners Limited sold to you a qty of 2,000,000 of Boston Gen thru clearpar. It was trade #565561-001 and it closed on 8/26/08. The funding memo called for you to pay us \$1,788,283.65 but we have yet to receive the funds. Please check your records and get back to me.

Thanks,

Steve Nelson  
Stonehill Capital Management  
885 Third Avenue  
30th Floor

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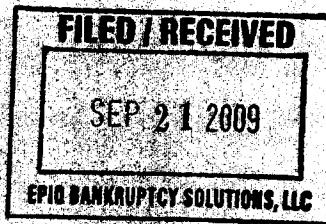


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**EXHIBIT 2**

Stonehill's Motion to Re-File Proofs of Claim to Fix Previously Unliquidated  
Claim Amounts or Alternatively for Leave to File Amended Claims

**Customer Account  
Agreement Prime  
Brokerage**

**LEHMAN BROTHERS INC.**

Lehman Brothers Inc.  
745 Seventh Avenue  
New York, NY 10019  
(212) 526-7000

Stonehill Offshore Partners LTD

Account No.: 732-40125

**Please Read Carefully, Sign and Return**

This agreement ("Agreement") sets forth the terms and conditions under which Lehman Brothers (as defined below) will open and maintain prime brokerage account(s) in your name and otherwise transact business with you as our customer. Throughout this Agreement references to "you" and "your" refer to you as our customer.

In consideration of Lehman Brothers opening a prime brokerage account for you, you agree to the following:

**1. PARTIES.** A prime brokerage account opened pursuant to this Agreement will be opened at Lehman Brothers Inc. ("LBI"). All transactions, agreements and contracts between you and Lehman Brothers have been entered into in consideration of each other. You hereby agree that the parties to this Agreement shall consist of you and Lehman Brothers Inc., Lehman Brothers International (Europe), Lehman Brothers Finance S.A., Lehman Brothers Special Financing Inc., Lehman Brothers Holdings Inc. and any of their subsidiaries, parents, affiliates, divisions, officers, directors, agents and employees now existing or hereafter created, including successors and assigns (each such entity or person being referred to hereinafter as "Lehman Brothers" or a "Lehman Brothers Entity," unless otherwise specified, and all such entities or persons being collectively referred to hereinafter as "Lehman Brothers"). Unless you advise Lehman Brothers in writing to the contrary, you represent that you are not an affiliate (as defined in Rule 144(a)(1) under the U.S. Securities Act of 1933 as may be amended, modified or supplemented) of the issuer of any security held in any account opened hereby. You represent and warrant to Lehman Brothers that you are either (i) not (A) an employee benefit plan (an "ERISA Plan") as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or (B) subject to ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or (ii) (A) an ERISA Plan or subject to ERISA or Section 4975 of the Code and (B) whose Investment Manager or General Partner is (and you covenant and agree that any successor Investment Manager or General Partner appointed by you will be) a Qualified Professional Asset Manager ("QPAM") as defined by the relevant prohibited transaction class exemption(s) issued pursuant to ERISA and you will provide Lehman Brothers with a QPAM Representation Letter.

**2. APPLICABLE LAWS, RULES AND REGULATIONS; SEVERABILITY.** All transactions under this Agreement shall be subject to the applicable laws, rules and regulations of all U.S. and, if applicable, non-U.S. federal, state and self-regulatory authorities, including, but not limited to, the rules and regulations of the Board of Governors of the Federal Reserve System of the United States and the constitution, rules and customs of the exchange or market (and clearing house) where such transactions are executed or settled. In the event of any conflict between any such present or future laws, regulations and rules and the terms of this Agreement, the provision(s) of this Agreement so affected shall be deemed modified or superseded to conform to such laws, regulations and rules, but the remaining provisions of this Agreement shall remain in full force and effect.

**3. SECURITY INTEREST AND LIEN; REGISTRATION OF SECURITIES.** As security for the payment and performance of all of your obligations and liabilities from time to time outstanding to any Lehman Brothers Entity, whether under this Agreement or otherwise, each Lehman Brothers Entity shall have a continuing lien and first priority security interest in all your Assets, defined as (i) all property in which you now have or hereafter acquire an interest which is now or hereafter held by or through any Lehman Brothers Entity, including, but not limited to, any and all securities, accounts, instruments, documents, contract rights, contracts (including, but not limited to, open transactions, securities purchase or sale contracts, agreements to lend cash or securities, commodity contracts, futures contracts, forward contracts, repurchase agreements, swap agreements, contracts for differences or any other agreement, without regard to the form of such agreement which may include oral

agreements or agreements confirmed or signed by only one party to the agreement and agreements entered into or signed by a Lehman Brothers Entity on your behalf) (hereinafter "Contracts"), commercial paper and other securities, monies, deposit accounts and general intangibles (including all security entitlements in respect thereof, all income and profits thereon, all dividends, interest and other payments and distributions with respect thereto and all proceeds from any of the foregoing), and (ii) any and all rights, claims or causes of action you may now or hereafter have against any Lehman Brothers Entity. The continuing lien and first priority security interest shall apply to all such Assets, which from time to time may be deposited or credited to any account you may have with a Lehman Brothers Entity, be held or carried by a Lehman Brothers Entity for you, be due from a Lehman Brothers Entity to you, or be delivered to or in a Lehman Brothers Entity's possession or control for any purpose, including safekeeping. Such continuing lien and first priority security interest shall apply irrespective of whether or not Lehman Brothers has made advances in connection with such Assets, the number of accounts you have with Lehman Brothers or which particular Lehman Brothers Entity holds such Assets. You hereby acknowledge and agree that all such Assets held by or through any Lehman Brothers Entity are held as collateral by such Lehman Brothers Entity as agent and bailee for itself and all other Lehman Brothers Entities and, as such, each Lehman Brothers Entity shall comply with any orders or instructions originated by any other Lehman Brothers Entity with respect to or in connection with such collateral without your further consent. You and Lehman Brothers agree that all such Assets held in or credited to any account will be treated as financial assets under Article 8 of the Uniform Commercial Code as in effect in the State of New York (the "UCC") and that any account maintained by you with any Lehman Brothers Entity shall be a securities account under Article 8 of the UCC. In the event of a breach or default by you, a Lehman Brothers Entity shall have, in addition to the rights and remedies provided in this Agreement, all rights and remedies available to a secured creditor under the UCC and any other applicable law. You represent that all of the above-described Assets shall at all times be free and clear of all liens, claims and encumbrances of any nature other than the security interest created hereby. Assets consisting of securities shall be delivered in good deliverable form (or Lehman Brothers shall have the unrestricted power to place such securities in good deliverable form) in accordance with the requirements of the primary market for these securities. In addition, in order to satisfy any of your outstanding liabilities or obligations to any Lehman Brothers Entity, each Lehman Brothers Entity may, to the fullest extent permitted by law, at any time in its discretion and without prior notice to you, use, apply or transfer any and all securities or other property or Assets (including, without limitation, fully-paid securities and cash). You hereby agree that, except as otherwise specifically agreed in writing, each Lehman Brothers Entity may register and hold the securities and other property or Assets in your accounts in its name or the name of its designee. You shall execute such documents and take such other action as such Lehman Brothers Entity shall reasonably request in order to perfect its rights with respect to any of the Assets. In addition, you appoint Lehman Brothers as your attorney-in-fact to act on your behalf to sign, seal, execute and deliver all documents and do all such acts as may be required to realize upon any of Lehman Brothers' rights in the Assets.

**4. BREACH, BANKRUPTCY OR DEFAULT.** If you shall:

- (i) breach, repudiate or default under this Agreement or any Contract with any Lehman Brothers Entity, whether heretofore or hereafter entered into;
- (ii) make or repeat any misrepresentations in connection with this Agreement or any Contract with any Lehman Brothers Entity;
- (iii) state that you will not perform any obligation to any Lehman Brothers Entity;
- (iv) apply for, consent to or be the subject of an application or petition for the appointment of or the taking of possession by a receiver, custodian, trustee, liquidator or similar persons of yourself or of all or a substantial part of your property;
- (v) admit in writing your inability, or become generally unable, to pay your debts as such debts become due or give Lehman Brothers other grounds for insecurity, as determined by Lehman Brothers in its sole and absolute discretion (including, without limitation, death; mental incompetence; dissolution; the appointment of a receiver by or against you, any guarantor, co-signer or other party liable on or providing security for your obligations to any Lehman Brothers Entity or the attachment against your or such other party's account(s) with any Lehman Brothers Entity; or any indication of your refusal or inability to satisfy promptly any Margin Call (as defined below) or other obligation);

- (vi) make a general assignment for the benefit of your creditors; or
- (vii) file or be subject of the filing or entry of a petition or order for relief or be subject of the commencement of a proceeding regarding reorganization, bankruptcy, liquidation, dissolution or insolvency;

then, any such event shall constitute, at Lehman Brothers' election, a default by you under this Agreement and any or all Contracts you may then have with any Lehman Brothers Entity, whether heretofore or hereafter entered into. In the event of any such default, each Lehman Brothers Entity shall have all of the rights of a secured party upon default under the UCC and other applicable laws, rules and regulations, including, without limitation, the right, without prior notice to you, to sell any and all Assets in which you have an interest (including, without limitation this Agreement and any Contract) held by or through any Lehman Brothers Entity (either individually or jointly with others), to buy any or all property which may have been sold short, to exercise any and all options and other rights, to accelerate, cancel, terminate, liquidate, close out and net the settlement payments and/or delivery obligations under any or all outstanding transactions and/or to purchase or sell any other securities or property to offset market risk, and to set off or offset any obligation owing by any Lehman Brothers Entity to you against any obligations owing by you to any Lehman Brothers Entity, after which you shall be liable to Lehman Brothers for any remaining deficiency, loss, costs or expenses incurred or sustained by Lehman Brothers in connection therewith. Such purchases and/or sales may be effected publicly or privately without notice or advertisement in such manner as Lehman Brothers may in its sole discretion determine. At any such sale or purchase, any Lehman Brothers Entity may purchase or sell the property to or from itself or third parties free of any right of redemption and you shall remain liable to Lehman Brothers for any deficiency; it being understood that a prior tender, demand or call of any kind from Lehman Brothers, or prior notice from Lehman Brothers, of the time and place of such sale or purchase shall not be considered a waiver of Lehman Brothers' right to buy or sell any securities, commodities or other property or Asset held by Lehman Brothers, or which you may owe to Lehman Brothers. In addition, each Lehman Brothers Entity shall have the right, at any time and from time to time, to set off and otherwise apply any and all amounts owing by such Lehman Brothers Entity to you or for your account against any and all amounts now or hereafter owing by you to any Lehman Brothers Entity (including, without limitation, any indebtedness in your accounts), whether matured or unmatured, fixed, contingent or otherwise and irrespective of whether any Lehman Brothers Entity shall have made any demand therefor. Lehman Brothers agrees to notify you of any such set-off and application, provided, however, that the failure to give such notice shall not affect the validity of any such set-off and application. You agree that any obligation of a Lehman Brothers Entity to you shall be subject to there being no breach, repudiation, misrepresentation or default (however characterized) by you which is continuing under any Contract with a Lehman Brothers Entity. You and Lehman Brothers intend this Agreement to be a master netting agreement.

**5. ADEQUATE ASSURANCES.** Subject to, and not as a limitation of, the rights of Lehman Brothers under this Agreement, if at any time Lehman Brothers has reasonable grounds for insecurity with respect to your performance of any of your obligations, Lehman Brothers may demand, and you shall give, adequate assurance of due performance within 24 hours, or within any shorter period of time Lehman Brothers demands that is reasonable under the circumstances. The adequate assurance of performance that may be demanded by Lehman Brothers may include, but shall not be limited to, the delivery by you of additional property as collateral.

**6. EXECUTION FEES AND SERVICE CHARGES.** You understand that your account(s) will be charged brokerage commissions or mark-ups/mark-downs in connection with the execution of transactions ("Execution Fees") and may be charged certain other fees for custody and other services furnished to you ("Service Fees"). You further understand that Execution Fees may be changed from time to time upon prior written notice to you and that Service Fees may be changed from time to time upon prior written notice to you and, in each case, you agree to be bound thereby.

**7. AMOUNTS OWED; TRUTH-IN-LENDING.** You hereby acknowledge receipt of Lehman Brothers' Truth-in-Lending disclosure statement. You understand that interest will be charged on any amount you owe in your account(s) in accordance with the methods described in such statement or in any amendment or revision thereto which may be provided to you. Any amount due which is not paid at the close of an interest period will be added to the opening balance for the next interest period.

**8. COLLECTION AND OTHER ACCOUNT-RELATED COSTS.** You hereby agree to pay, on demand, all reasonable costs, liabilities and damages incurred by Lehman Brothers (including, without limitation, costs of

collection, attorneys' fees, court costs and other expenses) in connection with (i) enforcing its rights hereunder, (ii) any investigation, litigation or proceeding involving your account or any property therein (including, without limitation, claims to such property by third parties), (iii) your use of or access to any Lehman Brothers or third-party system or (iv) Lehman Brothers' acting in reliance upon instructions, including, but not limited to, instructions transmitted via electronic means, including facsimile or electronic mail, from you or your authorized agents (including investment managers or advisers). In each case and whether or not demand has been made therefor, you hereby authorize Lehman Brothers to charge your account(s) for any and all such costs, liabilities and damages, including, without limitation, those incurred in connection with the liquidation of any of your Assets.

**9. IMPARTIAL LOTTERY ALLOCATION.** You agree that, in the event Lehman Brothers holds on your behalf securities in its name, in the name of its designee or in bearer form which are called in part, you will participate in the impartial lottery allocation system for such called securities in accordance with the rules of The New York Stock Exchange, Inc. or any other appropriate self-regulatory organization. When any such call is favorable, no allocation will be made to any account in which, to the knowledge of Lehman Brothers, any officer, director or employee of Lehman Brothers has any financial interest until all other customers have been satisfied on an impartial lottery basis.

**10. SECURITIES EVENTS.** Lehman Brothers shall inform you if Lehman Brothers becomes aware of the occurrence or prospective occurrence of any of the following with respect to any securities in your account(s): conversions, subdivision or consolidation; redemption; a takeover offer; calls, including calls on partly-paid securities and published calls; a capitalization issue; rights issue; distribution of income in the form of securities; or a certificate which may at a future date be exchanged for securities or an entitlement to acquire securities. Subject to Section 19 herein, if Lehman Brothers receives notice from you that you wish to act on any of the events referenced in this section and such notice is received by Lehman Brothers within a reasonable time for Lehman Brothers to act on such event, Lehman Brothers will act in accordance with your wishes. You represent that you review all prospectuses and offering statements that you may receive and understand the risks inherent with your securities transactions, including any risks associated with the above-described securities events.

**11. VOTING RIGHTS.** If any right to vote arises with respect to securities in your account, you may inform Lehman Brothers that you wish to exercise such right as you specify. Subject to Section 19 hereof, if Lehman Brothers receives this notice within a reasonable time to act, it will act in accordance with your wishes. If Lehman Brothers does not receive such timely notice from you, it will use its discretion to decide whether and how to vote such securities.

**12. WAIVER, ASSIGNMENT AND NOTICES.** Neither Lehman Brothers' failure to insist at any time upon strict compliance with this Agreement or with any of the terms hereof nor any continued course of such conduct on its part shall constitute or be considered a waiver by Lehman Brothers of any of its rights or privileges hereunder. Any purported assignment of your rights and/or obligations hereunder without obtaining the prior written consent of an authorized representative of Lehman Brothers shall be null and void. Each Lehman Brothers Entity reserves the right to assign any of its rights or obligations hereunder or under any Contract to any other Lehman Brothers Entity without prior notice to you. Notices and other communications to you (including, without limitation, Margin Calls) that are sent by electronic means, including facsimile or electronic mail, sent by express delivery service or mailed, in each case to the address or number provided by you, shall, until the respective Lehman Brothers Entity has received notice in writing of a different address or number, be deemed to have been personally delivered to you. Margin Calls may also be communicated orally, without subsequent written confirmation.

**13. FREE CREDIT BALANCES.** You hereby authorize Lehman Brothers to use any free credit balance awaiting investment or reinvestment in your account(s) in accordance with all applicable rules and regulations and to pay interest thereon at such rate or rates and under such conditions as are established from time to time by Lehman Brothers for such account(s) and for the amounts of cash so used.

**14. RESTRICTIONS ON ACCOUNT.** You understand that Lehman Brothers, in its sole and absolute discretion, may restrict or prohibit trading of securities or other property in your account(s) and may terminate your account(s), and you shall nevertheless remain liable for all of your obligations to the Lehman Brothers Entities under this Agreement or any Contract. In the event that Lehman Brothers, in its sole and absolute discretion, determines to

impose such restrictions on your account(s) due to credit, margin, legal, regulatory, money laundering or other concerns, Lehman Brothers shall be under no obligation to provide you with prior notice of such restriction.

**15. CREDIT INFORMATION AND INVESTIGATION.** You authorize Lehman Brothers, in its discretion, at any time and from time to time, to make or obtain reports concerning your credit standing and business conduct (including, but not limited to, obtaining audited account statements, if such are available). You may make a written request for a description of the nature and scope of the reports made or obtained by Lehman Brothers and the same will be provided to you within a reasonable period of time.

**16. SHORT AND LONG SALES.** In placing any sell order for a short account, you will designate the order as such and hereby authorize Lehman Brothers to mark the order as being "short". You are required to and will comply with all applicable rules and regulations relating to short sale transactions. In placing any sell order for a long account, you will designate the order as such and hereby authorize Lehman Brothers to mark the order as being "long". The designation of a sell order as being for a long account shall constitute a representation by you that you own the security with respect to which the order has been placed, that such security is not restricted under Rules 144 and/or 145 under the U.S. Securities Act of 1933 (as may be amended, modified or supplemented) or any other applicable law, rule or regulation and, as such, may be sold without restriction in the open market and that, if Lehman Brothers does not have the security in its possession at the time you place the order, you shall deliver the security by settlement date in good deliverable form or pay to Lehman Brothers any losses and expenses it may incur or sustain as a result of your failure to make delivery on a timely basis.

**17. MARGIN ACCOUNTS.** All Loans made hereunder are demand loans. You hereby agree to deposit and maintain such cash or collateral as margin in your margin accounts, if any, as Lehman Brothers may in its sole discretion require, and you agree to pay forthwith on demand any amount owing with respect to any of your margin accounts to satisfy Lehman Brothers' demand for such payment (a "Margin Call"). In addition, you further agree to deposit promptly and maintain such other collateral with Lehman Brothers as is required by any Contract you may have with any Lehman Brothers Entity. Upon your failure to make any such payment or deposit, or if at any time Lehman Brothers, in its sole discretion, deems it necessary for its protection, whether with or without prior demand, call or notice, Lehman Brothers shall be entitled to exercise all rights and remedies provided herein. No demands, calls, tenders or notices that Lehman Brothers may have made or given in the past in any one or more instances shall invalidate your waiver of the requirement to make or give the same in the future.

**18. SECURITIES CONTRACTS.** You acknowledge and agree that any positions in your account(s) shall be deemed "securities contracts" within the meaning of Sections 555 and 741(7) (as may be amended, modified or supplemented) of the U.S. Bankruptcy Code.

**19. CONSENT TO LOAN OR PLEDGE OF SECURITIES IN MARGIN ACCOUNTS.**

(a) Except as noted in subparagraph (b) below, within the limits of applicable law and regulations, you hereby authorize Lehman Brothers to lend either to itself or to others any securities held by Lehman Brothers in any of your accounts, to convey therewith all attendant rights of ownership (including voting rights and the right to transfer the securities to others), and to use all such property as collateral for its general loans. Any such property, together with all attendant rights of ownership, may be pledged, repledged, hypothecated or rehypothecated either separately or in common with other property for any amounts due to Lehman Brothers thereon or for a greater sum, and Lehman Brothers shall have no obligation to retain a like amount of similar property in its possession and control. You hereby acknowledge that, as a result of such activities, Lehman Brothers may receive and retain certain benefits to which you will not be entitled. In certain circumstances, such loans, pledges, repledges, hypothecations or rehypothecations may limit, in whole or in part, your ability to exercise voting and other attendant rights of ownership with respect to the loaned or pledged securities. You agree to waive the right to vote, or to provide any consent or to take any similar action with respect to these securities in the event that the record date or deadline for such vote, consent or other action falls during the period of any such loan, pledge, repledge, hypothecation or rehypothecation.

(b) Unless otherwise agreed by Lehman Brothers and you, you will be entitled to receive all distributions, including, but not limited to, cash, stock dividends and interest payments, made on or in respect of any loaned, pledged, repledged, hypothecated or rehypothecated securities which are not otherwise received by you, to the full

extent you would be entitled if the securities had not been loaned, pledged, repledged, hypothecated or rehypothecated.

**20. OPTIONS POSITIONS.** You represent and warrant not to enter into any purchase or sale of equity, debt, foreign currency or index put or call options without having read and fully understood the terms, conditions and risks as set out in the Characteristics and Risks of Standardized Options booklet and applicable supplements. You understand that short options positions are assigned on an automated random basis and may be assigned on the day written. You will notify Lehman Brothers of your intention to exercise listed options no later than two hours before the expiration time of the option (one hour in the case of an over-the-counter option). Failure to give such notice will constitute an abandonment of the option, in which case Lehman Brothers may, but shall be under no obligation to, exercise the option.

**21. PRIME BROKERAGE SERVICES.** Under the terms and conditions of this Agreement, LBI will act as a prime broker for you in accordance with the no-action letter of the Securities and Exchange Commission dated January 25, 1994, as such letter may be amended, modified or supplemented from time to time (the "SEC Letter") and the provisions set forth below:

(a) LBI will, subject to the terms and conditions of this Agreement, accept for clearance and settlement trades executed on your behalf by such executing brokers as you may designate from time to time and who have received LBI's prior approval and who have previously executed an agreement with LBI setting forth the terms and conditions under which such executing brokers will be authorized to accept orders from you for settlement by LBI (the "Executing Brokerage Agreement").

(b) LBI shall be responsible for settling trades executed on your behalf by your executing broker(s) and reported to LBI by you and your executing broker(s) provided that you have reported to LBI on trade date, by the time designated to you by LBI, all the details of such trades including, but not limited to, the contract amount, the security involved, the number of shares or the number of units and whether the transaction was a long or short sale or a purchase, and further provided that LBI has either affirmed or not "DK'd" ("indicated it does not know") and has not subsequently disaffirmed such trades. In the event that LBI determines not to settle a trade, LBI shall not have settlement responsibility for such trade and shall, instead, send you a cancellation notification to offset the notification sent to you under sub-paragraph (c) of this paragraph. You shall be solely responsible and liable to your executing broker(s) for settling such trade. In addition, LBI may be required to cease providing prime brokerage services to you in accordance with the Executing Brokerage Agreement.

(c) On the day following each transaction, LBI shall send you a confirmation of each trade placed with an executing broker in accordance within the SEC Letter based upon the information you provided to LBI. Any confirmations issued by LBI as prime broker shall identify the executing broker and provide you with the information required by the SEC Letter. Confirmations of the execution of orders and other activity in your account(s) which have been provided or made available to you by 10:00 a.m. (New York time) on the business day immediately following the trade date shall be conclusive if not objected to by 2:00 p.m. (New York time) on such business day or, if such reports are provided or made available to you after 10:00 a.m. (New York time) on such business day, then such confirmations shall be conclusive if not objected to within four (4) hours after such confirmations have been provided or made available to you. Monthly statements shall be sent to you in accordance with the SEC Letter. Information contained in monthly statements of account, to the extent not included in an activity report, shall be conclusive if not objected to within ten (10) days after such statements have been provided or made available to you. LBI may send communications to your address of record or another address provided to LBI in writing. All communications sent to such address, whether by mail, facsimile, telegraph, messenger, electronic means or otherwise, shall be deemed to have been given to you personally as of the date and time sent, whether actually received or not.

(d) In the event of: (i) the filing of a petition or other proceeding in bankruptcy, insolvency or for the appointment of a receiver by or against your executing broker, (ii) the termination of your executing broker's registration and the cessation of business by it as a broker-dealer, or (iii) your executing broker's failure, inability or refusal, for any reason whatsoever or for no reason at all, to settle a trade, and if LBI agrees to settle any trades executed on your behalf by such executing broker, regardless of whether LBI either affirmed or did not DK and did

not disaffirm such trades, you shall be solely responsible, and liable to LBI, for any losses arising out of or incurred in connection with LBI's agreement to settle such trades.

(e) You shall maintain in your account with LBI such minimum net equity in cash or securities as LBI, in its sole discretion, may require from time to time (the "Lehman Brothers Net Equity Requirements"), which shall in no event be less than the minimum net equity required by the SEC Letter (the "SEC Net Equity Requirements"). In the event your account falls below the SEC Net Equity Requirements, you hereby authorize LBI to notify promptly all executing brokers with whom it has an Executing Brokerage Agreement on your behalf of such event. Moreover, if you fail to restore your account to compliance with the SEC Net Equity Requirements within the time specified in the SEC Letter, LBI shall, without notice to you: (i) notify all such executing brokers that LBI is no longer acting as your prime broker and (ii) either not affirm or "DK" ("indicate that it does not know") all prime brokerage transactions on your behalf with a trade date after the business day on which such notification was sent. In the event : (i) your account falls below the Lehman Brothers Net Equity Requirements, (ii) LBI determines in its sole discretion that there would not be enough cash in your account to settle such transactions or that a maintenance Margin Call may be required as a result of settling such transactions, or (iii) LBI determines in its sole discretion that the continuation of prime brokerage services to you presents an unacceptable risk to Lehman Brothers taking into consideration all the facts and circumstances, then LBI may disaffirm all your prime brokerage transactions and/or cease to act as your prime broker. In any such case, LBI shall send a cancellation notification to you, and you understand that you must settle outstanding trades directly with the relevant executing broker and that you authorize LBI to provide the executing broker with any information useful to settle such trades. You further agree that LBI will not be bound to make any investigation into the facts surrounding any transaction to which you are a party and that immediately upon notice to you and, if required, to the executing brokers, LBI may cease acting as your prime broker.

(f) If you have instructed your executing broker(s) to send confirmations to you in care of LBI, as your prime broker, the confirmation sent by such executing broker is available to you promptly from LBI (once received), at no additional charge.

(g) If your account is managed on a discretionary basis, you hereby acknowledge that your prime brokerage transactions may be aggregated with those of other accounts of your adviser, according to your adviser's instructions, for execution by your executing broker(s) in a single bulk trade and for settlement in bulk by LBI. You understand that no part of any transaction may be allocated to any other account where such other account's net equity is below the minimum levels established in the SEC Letter and that, should such a net equity deficiency occur in any such other account, LBI must disaffirm the entire transaction. In the event any trade is disaffirmed, as soon as practicable thereafter, LBI shall supply your executing broker(s) with the allocation of the bulk trade, based upon information provided by your adviser.

(h) You hereby authorize LBI to disclose your name, address and tax I.D. number to your executing broker(s) to enable such executing broker to establish on its books an account for you to be used in the event transactions are disaffirmed by LBI.

(i) Lehman Brothers will not be responsible or liable for any acts or omissions of any executing broker or its employees. You understand that Lehman Brothers does not act as investment adviser or solicit orders, that Lehman Brothers does not advise prime brokerage customers, perform any analysis, or make any judgment on any matters pertaining to the suitability of any order, or offer any opinion, judgment or other type of information pertaining to the nature, value, potential or suitability of any particular investment.

(j) You agree to indemnify and hold Lehman Brothers harmless from any loss, claim or expense, including attorneys' fees, incurred by Lehman Brothers in connection with Lehman Brothers acting or declining to act as prime broker for you and to fully reimburse Lehman Brothers for any legal or other expenses (including the cost of any investigation and preparation) which Lehman Brothers may incur in connection with any claim, action, proceeding or investigation arising out of or in connection with this Agreement or any transactions hereunder.

(k) You represent and warrant that you are currently in compliance, and during the term of this Agreement will remain in compliance, with all applicable requirements of the SEC Letter, including, but not limited to, the requirement that you execute an agreement with each executing broker.

(l) The prime brokerage services hereunder shall be provided in a manner consistent with the SEC Letter.

**22. LEGALLY BINDING.** You hereby agree that this Agreement and all of the terms hereof shall be binding upon you and your estate, heirs, executors, administrators, personal representatives, successors and assigns. You further agree that all purchases and sales shall be for your account(s) in accordance with your oral or written instructions. You hereby waive any and all defenses that any oral instruction was not in writing as may be required by any applicable law, rule or regulation. With respect to any of your accounts maintained in connection with this Agreement, you hereby authorize Lehman Brothers to act and rely on any instructions (including, without limitation, instructions to transfer cash or securities, purchase or sell securities, enter into derivative or other transactions or borrow money or securities) received by Lehman Brothers from any of the persons listed on Exhibit A, as such list may be amended by you from time to time. In addition, you hereby authorize Lehman Brothers to act and rely on any instructions received by Lehman Brothers from any of your employees or agents (including any investment manager or adviser) that Lehman Brothers reasonably believes is authorized to so act on your behalf.

**23. AMENDMENT.** You agree that Lehman Brothers may modify the terms of this Agreement at any time upon prior written notice to you. By continuing to accept services from Lehman Brothers thereafter, you will have indicated your acceptance of any such modification. If you do not accept such modification, you must notify Lehman Brothers in writing; your account may then be terminated by Lehman Brothers, after which you will remain liable to Lehman Brothers for all outstanding liabilities and obligations. Otherwise, this Agreement may not be modified absent a written instrument signed by an authorized representative of Lehman Brothers.

**24. GOVERNING LAW.** THIS AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED, AND THE CONTRACTUAL AND ALL OTHER RIGHTS AND LIABILITIES OF THE PARTIES DETERMINED, IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CONFLICTS OF LAW PRINCIPLES THEREOF.

**25. JURISDICTION; WAIVER OF JURY TRIAL.** The parties shall attempt in good faith to promptly resolve any dispute arising out of, relating to or in connection with this Agreement or any transactions hereunder by negotiations by executives of the parties who have the authority to settle the controversy. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably submits to the exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party. ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR ACTION IS HEREBY WAIVED BY ALL THE PARTIES TO THIS AGREEMENT.

**26. WAIVER OF IMMUNITIES.** Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets, all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) arbitration, (iv) relief by way of arbitration award, injunction, order for specific performance or recovery of property, (v) attachment of its assets (whether before or after judgment) and (vi) execution or enforcement of any judgment or arbitration award and irrevocably agrees, to the fullest extent permitted by applicable law, that it will not claim any such immunity.

**27. TRANSFERS.** Lehman Brothers shall have the right to transfer Assets between any account in order to satisfy any of your obligations to Lehman Brothers. When giving instructions to transfer Assets from your accounts to any bank or other entity, you agree that all such requests will have been approved by an authorized signatory and you agree to provide Lehman Brothers with an accurate account number designating the account to receive such Assets. You agree to indemnify and hold Lehman Brothers harmless from and against all liabilities arising from the provision of an inaccurate account number or any other liabilities arising as a result of the transfer at your request.

**28. PROVISION OF DATA.** With respect to any market data or other information that Lehman Brothers or any third party service provider provide to you, (i) Lehman Brothers and any such provider are not responsible or liable if any such data or information is inaccurate or incomplete in any respect; (ii) Lehman Brothers and any such provider are not responsible or liable for any actions that you take or do not take based on such data or information;

(iii) you will use such data or information solely for the purposes set forth in this Agreement and any other agreement between us; (iv) such data or information is proprietary to Lehman Brothers and any such provider and you will not retransmit or disclose such data or information to third parties except as required by applicable law or regulation; and (v) you will use such data or information solely in compliance with applicable laws, rules and regulations.

**29. EXTRAORDINARY EVENTS.** You agree that Lehman Brothers will not be liable for any loss caused, directly or indirectly, by government restrictions, exchange or market rulings, suspension of trading, war (whether declared or undeclared), terrorist acts, insurrection, riots, fires, flooding, strikes, failure of utility services, accidents, adverse weather or other events of nature, including but not limited to earthquakes, hurricanes and tornadoes, or other conditions beyond Lehman Brothers' control. In the event that any communications network, data processing system, or computer system Lehman Brothers uses is rendered inoperable, Lehman Brothers will not be liable to you for any loss, liability, claim, damage or expense resulting, either directly or indirectly, therefrom.

**30. LIMITATION OF LIABILITY.** Lehman Brothers shall not be liable in connection with the execution, clearing, handling, purchasing or selling of securities, commodities or other property, or other action, except for gross negligence or willful misconduct on Lehman Brothers' part. You understand that certain securities may be held outside the United States by unaffiliated, foreign agent banks and depositories. Lehman Brothers will not be liable to you for any loss, liability or expense incurred by you in connection with these arrangements except to the extent that any such loss, liability or expense results from Lehman Brothers' gross negligence or willful misconduct. In no event will Lehman Brothers be liable for any special, indirect, incidental or consequential damages arising out of this Agreement.

**31. HEADINGS; COUNTERPARTS.** The headings of the provisions hereof are for ease of reference only and shall not affect the interpretation or application of this Agreement or in any way modify or qualify any of the rights provided for hereunder. This Agreement may be executed in counterparts, each of which shall be deemed an original.

**32. TELEPHONE CONVERSATIONS.** For the protection of both you and Lehman Brothers, and as a tool to correct misunderstandings, you hereby authorize Lehman Brothers, at Lehman Brothers' discretion and without prior notice to you, to monitor and/or record any or all telephone conversations or electronic communications between you and Lehman Brothers or any of Lehman Brothers' employees or agents. You acknowledge that Lehman Brothers may determine not to make or keep any of such recordings and that such determination shall not in any way affect any party's rights.

**33. CUMULATIVE RIGHTS; ENTIRE AGREEMENT.** The rights, remedies, benefits and protections afforded to each Lehman Brothers Entity under this Agreement and under any Contract you may have with any Lehman Brothers Entity, whether heretofore or hereafter entered into, are cumulative and in addition to any other rights, remedies, benefits and protections that any Lehman Brothers Entity may have. To the extent that the provisions of any Contracts you have with any Lehman Brothers Entity, whether heretofore or hereafter entered into, are inconsistent (whether the inconsistency be between the Contracts or within a single Contract), the conflict shall be resolved in favor of the provision which affords Lehman Brothers with the maximum rights, remedies, benefits or protections. You hereby appoint Lehman Brothers as your agent and attorney-in-fact to take any action (including, but not limited to, the filing of financing statements) necessary or desirable to perfect and protect the security interest granted herein or to otherwise accomplish the purposes of this Agreement. Except as set forth above, this Agreement represents the entire agreement and understanding between you and Lehman Brothers concerning the subject matter hereof.

**34. CAPACITY TO CONTRACT; ANTI-MONEY LAUNDERING; AFFILIATIONS.** You represent that you have the capacity and authority to enter into this Agreement. You represent to the best of your knowledge that you do not maintain or transact business for or with nor will you introduce individuals or entities to Lehman Brothers that the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") has listed as "Specially Designated Nationals and Blocked Persons" nor with any client in an embargoed country as determined by OFAC. Furthermore, you represent that you have conducted thorough due diligence with respect to all of your clients, and you do not know or have any reason to suspect that the monies used to fund the account have been or will be derived from or related to any illegal activities, including but not limited to, money laundering activities. You agree to

provide Lehman Brothers with any information that it may require in relation to compliance with any applicable money laundering regulations. Each representation or warranty made by you in this Agreement will be deemed to be repeated by you on each date on which a transaction occurs hereunder.

You represent that you are of legal age and that, unless you have notified Lehman Brothers to the contrary, neither you nor any member of your immediate family is: (i) an employee or member of any exchange, (ii) an employee or member of the National Association of Securities Dealers, Inc. or any of its affiliates, (iii) an individual or an employee of any corporation or firm engaged in the business of dealing, as broker or principal, in securities, options or futures or (iv) an employee of any bank, trust company or insurance company. If you are signing on behalf of others, you hereby represent that the person(s) or entity(ies) on whose behalf you are signing is/are authorized to enter into this Agreement and that you are duly authorized to sign this Agreement and make the representations contained herein in the name and on behalf of such other person(s) or entity(ies) and you agree to indemnify and hold Lehman Brothers harmless from any claim or claims arising from your unauthorized execution of this Agreement on the behalf of such other person(s) or entity(ies). You hereby authorize Lehman Brothers to accept faxed copies of this or any other document or instruction as if it were the original and further to accept signatures on said faxes as if they were original.

**PLEASE COMPLETE THIS INFORMATION AND SIGN THE APPROPRIATE SPACE BELOW:**

**THIS AGREEMENT IS DATED AS OF \_\_\_\_\_, 2007**

Stonchill Offshore Partners LTD

*Name of Customer*

c/o Citco Fund Services LTD BWI  
P.O. Box 31106 SMB/ T Woodlaver  
Corp. Center West Bay Road

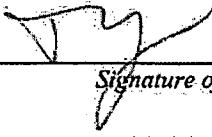
*Address* \_\_\_\_\_ *Country* \_\_\_\_\_

Grand Cayman \_\_\_\_\_  
*City, State* \_\_\_\_\_ *Zip Code + 4* \_\_\_\_\_

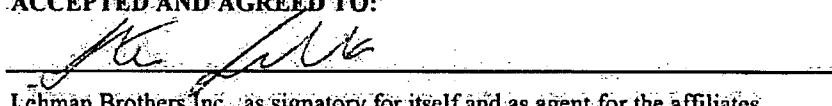
**BY SIGNING THIS AGREEMENT, YOU ACKNOWLEDGE THAT:**

**YOU HAVE RECEIVED A COPY OF THIS AGREEMENT AND AGREE TO ITS TERMS AND CONDITIONS.**

**CUSTOMER NAME:** Stonehill Offshore Partners LTD  
*Individual or Printed Name of Company*

**SIGNATURE:**   
*Signature of Authorized Person*

**PRINT NAME:** John Motulsky, General Partner  
*Printed Name and Title of Signatory or Name of General Partner if Signer is a Partnership*

**BY:**   
*Authorized Signatory and Title of General Partner if Above Signer is a Partnership Otherwise Blank*

**ACCEPTED AND AGREED TO:**

Lchman Brothers Inc., as signatory for itself and as agent for the affiliates named herein

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900 002 114

**CUSTOMER CLAIM FORM  
LEHMAN BROTHERS INC.**

Stonehill Offshore Part Ltd.  
Account# 732-40125  
885 Third Avenue  
30th Floor  
885 3rd Ave., Fl. 30  
New York, NY 10022-4834

Daytime Phone: (212) 739 7474  
Email: c.wilson@stonehillcap.com  
Contact Person: Chris Wilson  
Taxpayer I.D. Number  
(Social Security No.): not applicable

**PLEASE NOTE**

- A SEPARATE CLAIM FORM SHOULD BE FILED FOR EACH ACCOUNT.
- TO BE ELIGIBLE FOR THE MAXIMUM PROTECTION AFFORDED UNDER THE SECURITIES INVESTOR PROTECTION ACT (“SIPA”), ALL CUSTOMER CLAIMS SHOULD BE RECEIVED BY THE TRUSTEE ON OR BEFORE JANUARY 30, 2009; THE TRUSTEE WILL DETERMINE WHETHER CLAIMS MEET THE STATUTORY REQUIREMENTS FOR “CUSTOMER” CLAIMS UNDER SIPA; INCLUSION OF A CLAIM OR CLAIM TYPE ON THIS CLAIM FORM IS NOT DETERMINATIVE OF CUSTOMER STATUS UNDER SIPA.
- THE DEADLINE FOR FILING ALL CLAIMS IS JUNE 1, 2009. NO CLAIM WILL BE ALLOWED IF IT IS RECEIVED AFTER THAT DATE.
- ALL CLAIMS ARE DATED AS OF THE DATE RECEIVED BY THE TRUSTEE.
- YOU MAY FILE YOUR CLAIM ELECTRONICALLY ONLINE AT [WWW.LEHMANTRUSTEE.COM](http://WWW.LEHMANTRUSTEE.COM) OR SEND YOUR COMPLETED AND SIGNED CLAIM FORM TO THE TRUSTEE VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED.
- IF YOUR ACCOUNT HAS BEEN TRANSFERRED TO ANOTHER BROKERAGE FIRM, BUT YOU BELIEVE YOU HAVE A CLAIM FOR PROPERTY OWED TO YOU BY LEHMAN BROTHERS INC., YOU MUST FILE A CLAIM TO PROTECT YOUR RIGHTS.
- LEHMAN BROTHERS INC. IS THE ONLY LEHMAN ENTITY THAT IS A DEBTOR IN THIS SIPA LIQUIDATION PROCEEDING. THIS CUSTOMER CLAIM FORM APPLIES ONLY TO LEHMAN BROTHERS INC. AND DOES NOT APPLY TO ANY OTHER LEHMAN ENTITY, INCLUDING ANY ENTITY IN A PROCEEDING UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE.

This claim form must be completed electronically online at [www.lehmantrustee.com](http://www.lehmantrustee.com) or mailed promptly, together with supporting documentation, to the following:

If by first class mail:

Lehman Brothers Inc. Claims Processing  
c/o Epiq Bankruptcy Solutions, LLC  
P.O. Box 6389  
Portland, OR 97228-6389

If by overnight mail:

Lehman Brothers Inc. Claims Processing  
c/o Epiq Bankruptcy Solutions, LLC  
10300 SW Allen Blvd  
Beaverton, OR 97005

**1. CLAIM FOR MONEY BALANCES OR CASH AS OF SEPTEMBER 19, 2008:**

a. LBI owes me a credit or cash in the amount of: \$ See attached

b. I owe LBI a debit or cash in the amount of: \$ \_\_\_\_\_

c. If you wish to repay the debit balance listed in point b. above please insert the amount you wish to repay and attach a check payable to "James W. Giddens, Trustee for the SIPA Liquidation of Lehman Brothers Inc." If you wish to make a payment, it must be enclosed with this claim form.  
\$ \_\_\_\_\_

**2. CLAIM FOR SECURITIES AS OF SEPTEMBER 19, 2008:**

**Please Do Not Claim Any Securities You Have In Your Possession**

	<u>YES</u> (Circle Y or N)	<u>NO</u> N
a. LBI owes me securities:	Y	N
b. I owe LBI securities:	Y	N
c. If yes to either, please list below (or in additional pages as necessary):		

Trade Date of Transaction (mm/dd/yyyy)	Name of Security	CUSIP	Number of Shares or Face Amount of Bonds	
			LBI Owes Me (Long)	I Owe LBI (Short)
_____	<u>See attached</u>	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

If additional space is needed, attach additional pages providing the information in the exact format above.

**3. COMMODITY FUTURES CLAIMS**

YES      NO  
(Circle Y or N)

Do you have a claim based on a commodity futures account?

Y

N

If the answer to the above question is "yes," please state the amount, and explain the basis for your claim below, attaching additional pages and supporting documents as necessary:

Amount of Claim: \_\_\_\_\_

Basis for Claim: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WHEN COMPLETING SECTIONS 1 THROUGH 3 PLEASE KEEP IN MIND:**

- If you cannot compute the amount of your claim, you may file an estimated claim. In that case, please indicate that your claim is an estimated claim.
- Proper documentation can speed the review, allowance, and satisfaction of your claim.
- Please enclose: copies of your last LBI account statement; purchase or sale confirmation slips; copies of checks that relate to the securities or cash you claim; and any other documentation or correspondence you believe will be of assistance in processing your claim.
- Please explain any differences between the securities or cash claimed and the cash balance and securities positions on your last account statement.
- If, at any time, you complained in writing about the handling of your account to any person or entity or regulatory authority, and the complaint relates to the cash and/or securities that you are now seeking, please be sure to provide with your claim copies of the complaint and all related correspondence, as well as copies of any replies that you received.

**PLEASE CIRCLE THE APPROPRIATE ANSWER FOR ITEMS 4 THROUGH 11.**

**NOTE: IF "Y" IS CIRCLED FOR ANY ITEM, PROVIDE A DETAILED EXPLANATION ON A SIGNED ATTACHMENT. IF SUFFICIENT DETAILS ARE NOT PROVIDED, THIS CLAIM FORM WILL BE RETURNED FOR YOUR COMPLETION.**

YES      NO  
(Circle Y or N)

4. Does your claim in any way relate to an entity other than Lehman Brothers Inc. (for example, Lehman Brothers Holdings Inc., or another Lehman subsidiary)?

Y

N

5. Has there been any change in your account since September 19, 2008?

Y

N

6. Are you or were you a party to a repurchase or reverse repurchase agreement, director, officer, partner, shareholder, lender to, or capital contributor of LBI?  Y  N
7. Are you related to, or do you have any business venture with, any of the persons specified in "6" above, or any employee or other person associated in any way with LBI? If so, give name(s).  Y  N
8. Are or were you a person who, directly or indirectly and through agreement or otherwise, exercised or had the power to exercise a controlling influence over the management or policies of LBI?  Y  N
9. Is this claim being filed on behalf of a customer of a broker or dealer or bank? If so, provide documentation with respect to each customer on whose behalf you are claiming.  Y  N
10. Have you ever given any discretionary authority to any person to execute securities transactions with or through LBI on your behalf? Give names, addresses and phone numbers.  Y  N
11. Have you or any member of your family ever filed a claim under the Securities Investor Protection Act of 1970? If so, give name of that broker.  Y  N

Please list the full name, address, phone number, and email address of anyone assisting you in the preparation of this claim form:

Full name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone number: \_\_\_\_\_

Email address: \_\_\_\_\_

If more than one person is assisting you, attach additional pages providing the information in the exact format above.

**IT IS A VIOLATION OF FEDERAL LAW TO FILE A FRAUDULENT CLAIM.  
CONVICTION CAN RESULT IN A FINE OF UP TO \$50,000 OR IMPRISONMENT  
OF UP TO FIVE YEARS OR BOTH.**

**THE FOREGOING CLAIM IS TRUE AND ACCURATE TO THE BEST OF MY  
INFORMATION AND BELIEF.**

Date January 26, 2009 Signature Christopher Blie  
Signature Managing Member  
Date \_\_\_\_\_ Signature Stonehill Capital Management, LLC  
its advisor

(If ownership of the account is shared, all must sign above. Give each owner's name, address, phone number, and extent of ownership on a signed separate sheet. If other than a personal account, e.g., corporate, trustee, custodian, etc., also state your capacity and authority. Please supply the trust agreement or other proof of authority.)

UNITED STATES BANKRUPTCY COURT Southern District of New York		PROOF OF CLAIM
Name of Debtor: <b>Lehman Brothers, Inc.</b>	Case Number: <b>08-01420 (JMP) SIPA</b>	
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property):	<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.	
Name and address where notices should be sent: <b>1000523153 LBI 12/1/2008 417060 Stonehill Offshore Part Lt 885 Third Avenue, 30th Floor 885 3rd Ave., Fl. 30 New York, NY 10022-4834</b>	Court Claim Number: _____ <i>(If known)</i>	
Telephone number: <b>(212) 739-7474</b>	Filed on: _____	
Name and address where payment should be sent (if different from above):	<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	
Telephone number:	<input type="checkbox"/> Check this box if you are the debtor or trustee in this case.	
1. Amount of Claim as of Date Case Filed: <b>\$ see attached</b>	5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.	
If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.	Specify the priority of the claim.	
If all or part of your claim is entitled to priority, complete item 5.	<input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).	
<input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.	<input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4).	
2. Basis for Claim: <b>Customer Property</b> <i>(See instruction #2 on reverse side.)</i>	<input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).	
3. Last four digits of any number by which creditor identifies debtor: _____	<input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).	
3a. Debtrr may have scheduled account as: _____ <i>(See instruction #3a on reverse side.)</i>	<input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).	
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.	<input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(__).	
Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____	Amount entitled to priority: _____	
Value of Property: \$ _____ Annual Interest Rate %	<i>*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</i>	
Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____		
Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.		
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. <i>(See definition of "redacted" on reverse side.)</i>		
DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.		
If the documents are not available, please explain: _____		
Date: <b>JAN 26 2009</b>	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.  <i>Christopher Wiles, Managing Member, Stonehill Capital Management LLC</i>	FOR COURT USE ONLY
Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.		

**INSTRUCTIONS FOR PROOF OF CLAIM FORM**

*The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.*

**Items to be completed in Proof of Claim form****Court, Name of Debtor, and Case Number:**

Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's name, and the bankruptcy case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

**Creditor's Name and Address:**

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

**1. Amount of Claim as of Date Case Filed:**

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

**2. Basis for Claim:**

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card.

**3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:**

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

**3a. Debtor May Have Scheduled Account As:**

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

**4. Secured Claim:**

Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien

documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.

**5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).**

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

**6. Credits:**

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

**7. Documents:**

Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). Do not send original documents, as attachments may be destroyed after scanning.

**Date and Signature:**

The person filing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.

**DEFINITIONS****INFORMATION****Debtor**

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

**Creditor**

A creditor is the person, corporation, or other entity owed a debt by the debtor on the date of the bankruptcy filing.

**Claim**

A claim is the creditor's right to receive payment on a debt that was owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

**Proof of Claim**

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

**Secured Claim Under 11 U.S.C. §506(a)**

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car.

A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

**Unsecured Claim**

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

**Claim Entitled to Priority Under 11 U.S.C. §507(a)**

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

**Redacted**

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax-identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

**Evidence of Perfection**

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

**Acknowledgment of Filing of Claim**

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system ([www.pacer.psc.uscourts.gov](http://www.pacer.psc.uscourts.gov)) for a small fee to view your filed proof of claim.

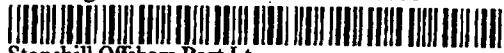
**Offers to Purchase a Claim**

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 et seq.), and any applicable orders of the bankruptcy court.

If you would like to file your claim online please go to [www.lehmantrustee.com](http://www.lehmantrustee.com) and select the link for the online claim form. You will need the tracking number and mail id listed below to complete your claim online.

P0000L0000\*\*-P02016323746:S8111613A

Tracking Number: 423040 Mail ID: 417060



Stonehill Offshore Part Lt  
885 Third Avenue, 30th Floor  
885 3rd Ave., Fl. 30  
New York, NY 10022-4834

**Stonehill Capital Management LLC**  
**885 Third Avenue, 30<sup>th</sup> Floor**  
**New York, NY 10022**  
**(212) 739-7474**

**Contacts:** **Chris Wilson, Managing Member, cwilson@stonehillcap.com**  
**Steve Nelson, Chief Financial Officer, snelson@stonehillcap.com**  
**Ann Kalter, Accounting Manager, akalter@stonehillcap.com**

**Date: January 26, 2009**

**RE: STONEHILL OFFSHORE PARTNERS LIMITED**  
**Primary LBI account number: 732-40125**

### **Customer Claims in Lehman Brothers Inc. (LBI)**

---

Stonehill Offshore Partners Limited (SO) was one of the largest prime brokerage clients of LBI and LBI was SO's sole prime broker. The professionals representing the LBI estate have invested long hours and have been extremely accommodating in returning the vast majority of SO's securities, and Stonehill is very appreciative of those efforts to date. However a substantial list of securities has not yet been delivered, and substantial cash has accumulated at LBI as well, which elements comprise SO's customer claim. This customer claim is supported by voluminous information; the attachments evidencing this claim are intended to provide ample support, but SO has substantial additional information that can be provided upon request.

#### **Securities**

SO received extensive deliveries of its securities in late October and in late December/early January; however, additional securities remain at LBI. A list of securities still carried at LBI is attached as SO Exhibit A.

#### **Cash**

SO's cash claim is presented in several components for ease of understanding:

##### **Component 1 – Error in Calculation at “True-Up” Date:**

In late October, 2008, at the time of the initial delivery of securities from LBI to SO, LBI's representatives performed a comprehensive analysis of SO's account and

calculated SO's cash balance to be, as of September 19, 2008, a debit amount (owed to LBI) of \$2,248,173.04. SO Exhibit B includes the Summary, and Brokerage Account Statement generated by LBI and delivered to SO at that time. On October 21, 2008, SO paid that amount to the SIPC trustee, effectively zeroing out its cash balance as of September 19, 2008. However, LBI's calculation excluded "type 5" cash, and also excluded the market value of SO's short positions, but the two items do not offset equally. Closing out SO's short positions as of September 19, per the estate's October 14 protocol, results in the cost to close out shorts being less than the type 5 cash by \$257,571.75 (see SO Exhibit C.) LBI thus owes SO this value difference.

Component 1 totals \$257,571.75

**Component 2 – "P&I" post September 19:**

From September 19, 2008, through the date of this claim, Stonehill is aware of principal, interest and other payments on securities custodied at LBI that have flowed to LBI, as presented on Exhibit D.

Component 2 is comprised of the following currencies:

USD	6,173,078.91
GBP	5,262,140.69
EUR	122,442.03
CAD	164,576.11

**Component 3 – Misdirected Wires on Private Investments:**

After September 19, 2008, misdirected wires flowed to LBI with respect to non-custodied instruments (private investments.) In addition, certain foreign wires were sent to LBI just before LBI's proceeding, which were never posted to Stonehill's account (it was common for foreign wires to take several days to be posted, and the LBI proceeding interrupted the finalization.) Stonehill is aware of certain of these items which are listed on SI Exhibit E.

Component 3 is comprised of the following currencies:

USD	427,247.78
EUR	262.34
GBP	25,011.80

**Component 4 – Cash Transfer in mid-September:**

On September 17, 2008, two days before the SIPA proceeding, SO issued direction to LBI to transfer its securities and cash balance from LBI to an alternate prime broker. LBI

demanded that SO post cash collateral in order to effect the transfer, and SO delivered \$5,500,000, which was transferred by LBI to SO account number 732-41222-1. (SO's account statement as of September 19, 2008 depicts this cash as an investment in a money market fund, however, that Lehman fund on or about that date closed itself to new investment, and the funds remained in cash, as depicted in the September 30, 2008 statement.) This cash was excluded from the "true-up" described under Component 1 above, and still resides at LBI. SO Exhibit F provides supporting documentation.

Component 4 totals \$5,500,000.00

**Component 5 – Incomplete Transaction re MAC Funding Purchase:**

On trade date August 7, 2008 SI agreed to purchase from JP Morgan 2,000,000 MAC Funding I Ltd (cusip 55261B202) for consideration of \$655,000, by physical settlement. LBI debited cash in that amount from SI's account on August 12, 2008. Subsequent to the September 19 date of proceeding, we learned from JP Morgan that the trade had never settled: JP Morgan had not delivered the security to LBI and LBI had not paid the cash to JP Morgan. LBI must return that improperly debited cash to SO. Reference SO Exhibit G.

Component 5 totals \$655,000

**Component 6 – Incomplete Transaction re US Power Generating Company:**

On trade date March 27, 2008, Stonehill's two funds executed with LBI as the counterparty a negotiated sale of a private instrument: 15,130 shares of US Power Generating Company at a price of \$28 per share, for total consideration of \$423,640.00. Both SO and related account Stonehill Institutional Partners L.P. were the sellers; LBI was the buyer. The trade confirmations executed at the time are attached as Exhibit H (a). It was a private transaction subject to documentation, and had not closed by the September 19, 2008 date of the LBI proceeding.

At the time of the true-up described in Component 1, LBI personnel demanded that Stonehill Institutional Partners (SI) pay \$118,619.20 to the SIPC trustee in relation to this outstanding trade, which amount was paid on September 21, 2008. LBI misunderstood the nature of this transaction - LBI incorrectly treated this private, negotiated, unclosed trade as if it were a short sale by SI in which SI had failed to deliver the security, demanding collateral in the amount paid. This payment was improper and must be returned to SI. Please note that even though this trade was by both Stonehill funds (Institutional and Offshore, as evidenced by the trade confirmations), the payment demanded at time of true up was only demanded from SI, therefore this portion of this Component 6 claim is only claimed on behalf of SI, not SO, and is recounted here only for fullness of disclosure.

A second element of the claim arises from LBI's failure to close this negotiated trade. The current market value of US Power Gen stock is \$6 per share (see Exhibit H (b)); LBI's failure to close has cost Stonehill \$22 per share, times 8,730 shares (SO's portion of the trade), equals \$192,060.00.

Component 6 totals \$192,060.00

**Component 7 – Incomplete Transaction re Zarlink Semiconductor common:**

On August 15 and August 20, 2008, SO purchased shares in Zarlink Semiconductor with purchase prices of CAD 5,148.78 and CAD 16,936.56, for a total of CAD 22,085.34. JP Morgan, the clearing broker on the other side of the trade, was unable to settle prior to September 19, 2008. However, LBI debited SO's cash in these amounts at the time of trade and never returned the funds to SO. Exhibit I provides further detail.

Component 7 totals CAD 22,085.34

**Component 8 – Forward Sales of Foreign Currencies:**

Stonehill's portfolio included investments denominated in foreign currencies. To hedge such exposure, Stonehill routinely executed under its prime brokerage agreement with LBI forward sales of foreign currencies. Stonehill believes that no other Lehman entity other than LBI was involved in these transactions. SO had numerous foreign currency transactions open as of September 19, 2008, which were in a gain position because the dollar had strengthened against the foreign currencies during the term of the contracts. A brokerage statement listing the transactions, and their market values, and Stonehill's summary of that brokerage statement for ease of understanding, is SO Exhibit J.

Component 8 totals \$6,135,929.26

**Component 9 – Cash Applied Late re Sale of Boston Gen:**

On trade date August 1, 2008, SO executed with a third party (Kelts LLC) a negotiated sale of a private instrument: 2,000,000 EBG Holdings bank debt (aka Boston Gen) for a total consideration of \$1,788,283.65. The trade confirmation executed at the time is attached as SO Exhibit K(a). The transaction closed on August 26, 2008 and Kelts funded the purchase price to LBI (see closing documents SO Exhibit K(b).) LBI acknowledged receipt, but failed to post the cash to SO's account until October 10, 2008, (see email correspondence attached as SO Exhibit K(c)). Therefore this cash was excluded from the calculation done at the time of the "true-up" discussed under Component 1 above, and LBI owes this cash to SO.

Component 9 totals \$1,788,283.65

**Component 10 – Interest on Accumulated Cash Balances:**

If the court determines it appropriate, interest may be payable to SO on the accumulated cash balances which have resided at LBI. Stonehill cannot estimate the amount absent direction regarding the appropriate interest rates and a determination of the dates and amounts of funds received by LBI on SO's behalf.

The amount of this Component 10 claim cannot be quantified without direction from LBI and is therefore estimated.

**Component 11 – Other Post Date of Claim and Unknown Activity:**

Other amounts may have flowed into LBI with respect to SO's custodied securities of which we are not currently aware, and it is certain that amounts will continue to flow to LBI on securities which continue to be carried at LBI after the date of this claim. SO includes these presently unquantifiable amounts in its claim. As part of this claim, SO requests that LBI provide an accounting from September 19, 2008 forward of any cash items received or due with respect to custodied securities or other customer property of SO.

With regard to private investments, SO has no comprehensive way of determining what payments have flowed into LBI referencing Stonehill's account number or name. Considering Stonehill's distressed investing strategy, Stonehill's portfolio includes many private instruments which have irregular and unpredictable distribution dates, often without notice to us other than information conveyed by the wire transfer itself. As part of this claim, SO requests that LBI provide an accounting from September 19, 2008 forward of any cash items referencing any of the Stonehill accounts, and any Stonehill entity name, and includes all such presently unquantifiable amounts in its claim.

The amount of this Component 11 claim cannot be quantified and is therefore estimated.

**End of Document**



MARGIN SUMMARY  
COB  
9-19-08

SO Exhibit B

<u>TOTAL COLLATERAL</u>	
TOTAL LMV TYPE 1 LONG POSITIONS (US\$)	266,659,029.00
TOTAL LMV TYPE 1 LONG POSITIONS (C\$ value converted to US\$)	12,599,576.53
TOTAL LMV TYPE 1 LONG POSITIONS (BP value converted to US\$)	1,698,499.33
TOTAL LMV TYPE 1 LONG POSITIONS (EM value converted to US\$)	2,724,187.15
TOTAL LMV TYPE 1 LONG POSITIONS (JY value converted to US\$)	0.00
TOTAL LMV TYPE 2 LONG POSITIONS (US\$)	33,123,055.72
TOTAL LMV TYPE 2 LONG POSITIONS (C\$ value converted to US\$)	349,136.76
TOTAL LMV TYPE 2 LONG POSITIONS (BP value converted to US\$)	0.00
TOTAL LMV TYPE 2 LONG POSITIONS (EM value converted to US\$)	0.00
TOTAL LMV TYPE 2 LONG POSITIONS (JY value converted to US\$)	0.00
<u>TOTAL USD DELIVERABLE COLLATERAL</u>	<u>299,782,084.72</u>
TYPE 1 CASH (US\$)	230,007.94
TYPE 1 CASH C\$ (value converted to US\$)	0.00
TYPE 1 CASH BP (value converted to US\$)	0.00
TYPE 1 CASH JY (value converted to US\$)	0.00
TYPE 1 CASH EM (value converted to US\$)	0.00
TYPE 2 CASH (US\$)	0.00
TYPE 2 CASH C\$ (value converted to US\$)	0.00
TYPE 2 CASH BP (value converted to US\$)	134,366.80
TYPE 2 CASH JY (value converted to US\$)	0.00
TYPE 2 CASH EM (value converted to US\$)	0.00
<u>TOTAL USD CASH COLLATERAL</u>	<u>230,007.94</u>
<u>TOTAL EXPOSURES</u>	
TYPE 2 DEBIT BALANCE	531,364.02
TYPE 2 (EM) DEBIT BALANCE	1,936,073.34
<u>TOTAL COLLATERAL NEEDED TO COVER EXPOSURE</u>	<u>2,248,173.04</u>
<u>TOTAL VALUE OF COLLATERAL AVAILABLE FOR DELIVERY</u>	<u>314,905,311.44</u>
<u>TOTAL CASH AVAILABLE FOR PAYMENT</u>	<u>0.00</u>

\*\*Note: Proceeds generated from the close out of shorts will result in a cash in lieu claim.

BMR56 732-40125	CLIENT 012 RR: H81 STONEHILL OFFSHORE	MARGIN ACTIVITY STATEMENTS CURR-CODE: 000	09/19/08	PAGE 93762
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
TC 11 OPEN T/D BAL 213,657.18-	CLOSE T/D BAL 230,007.94-	OPEN S/D BAL 213,657.18-	CLOSE S/D BAL 230,007.94-	MARGIN VALUE 09/19/08 DLA
1,380,963.05-	531,364.02	1,071,771.29	2,984,066.36	266,659,029 33,123,055 09/19/08
54,286,948.36-	56,231,081.00-	54,286,948.36-	56,231,081.00-	55,796,251- 53,476,992.58- 243,985,832
55,881,59-	55,929,724.92-	55,929,724.92-	55,929,724.92-	1,981,503.14
- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
TRANS/DRG 10/09/19	LONG/SHORT (-)	DESCRIPTION	CUSTIP/SEC	PRICE/ENT T/D TRD # DEBT/CREDIT(-)
		NMSAIR GROUP FINANCE B V	INT	09/19 09/19 1,997,853.90-
		DUE 06/08/2006 4.375	5196207	REV ENTRY OF 5-30 DUE TO INCORRECT FX
		REC 5/16/08 PAY 5/28/08		
		ON 2341700 BNDGS		
		MARK TO MARKET		
		INWIRE RFA0919667HU2R00875	HKT MS	09/19 1,944,132.64-
		026009533	CBW 3R	09/19 31,807.57-
		PART NERS LTD FFC A C 732 401		
		WCI COMMUNITIES INC		
		MARK TO MARKET SHORT POS	HKT MS	09/19 1,944,132.64-
		LONG/SHORT (-)	SECURITY DESCRIPTION	CUSIP/SEC PRICE MARKET VALUE MARGIN REQUIREMENT
		LDA 091908	1.0000 ACAT DELIVERY IN PROGRESS	XNA0009280 0.00000 0 0
		091708	DO NOT TRANSFER SECURITIES	A000928 0 0
		484,481.0000 ACACIA RESEARCH - ACACIA	0030813070 4.38000 2,122,026 1,453,443	
		TECHNOLOGIES	A013707 SB 484,481.0000 21,228,495 21,228,495	
		ABOVENET INC	00374N1070 SB 54,03000H 392,902.0000 372,000	
		392,902.0000	A014448 SB 31.00000H 1,240,000 372,000	
		40,000.0000 WTS ABOVENET INC	00374N1230 SB 40,000.0000 5,922,728 5,922,728	
		2,179,878.0000 NM BARRATT DEVELOPMENTS PLC	0082881050 2,179,878.0000 5,922,728 5,922,728	
		285,300.0000 COMFORCE CORP	8137756 SB 2,179,878.0000 5,922,728 5,922,728	
		18,000.0000 WTS CD RADIO INC	20038K1090 1.99000 567,747 567,747	
		EXP 5/15/2009 ACCREDITED INVS	C000344 SB 285,300.0000 0 0	
		6,664,0000 COMFISCO HOLDING COMPANY INC	1251271590 0.00000H 0 0	
		25,942,0000 CATTLESALE COMPANY	C003514 SB 18,000.0000 65,307 65,307	
		13,377,0000 CORE MARK HOLDING CO INC	2003541000 9,80000H 6,664.0000 0 0	
			C022108 SB 1494791070 0.00000H 0 0	
			C022394 SB 2186811040 25,942.0000 112,045	
			C049818 SB 13,377.0000 373,485 112,045	

RR: HSI STONEHILL LONG/SHORT(-) 111,801.0000		OFFSHORE SECURITY DESCRIPTION HMCAPEX SA-ORD AP 1 PAR		MARGIN ACTIVITY STATEMENTS	
031808	36.0000	DECISIONONE CORP NEW		CURR-CODE: 000 CUSIP/SEC P2006N1120	
880,395.0000		NEFRONTERA COPPER CORPORATION	3590431660	D0094752 SB	
50,913.0000		HEGUANGDONG ALLIANCE	F104640 SB	G104640 SB	
19,346.0000		SHS MARCH WATER SUPPLY HL	G618151060	G618151060 SB	
111607		SHS WTS ICC COMMUNICATIONS INC	G005001	G005001 SB	
11,911.0000		HOUANIAN ENTERPRISES INC-CL A	G365411010	G365411010 G005020	SK
402,500.0000		RTS KAISER GOVT PROGRAMS INC	H394718 SB	H394718 SB	
031808		PUT RT PUR PFD KAISER GROUP	463056110	463056110 K002715	SB
2,718,868.0000		KGEN PWR CORP	49373X1030	K003938 SB	
091608		COM 164A	K003938	K003938 SB	
44,482.0000		LEHMAN BROS. HOLDINGS INC	5220W3170	L008500 SB	
090208		DEP SH RESTG 1/10TH 7.95%	52261B2020	M014518 SB	
2,000,000.0000		AMEMAC FUNDING 1 LTD	M014518	M014518 SB	
346,623.0000		PRTN PROTECTED SEC'S ACCREDITED	64007P1030	N00919 N00919	
060608		NEENAH ENTERPRISES INC	N00919	N00919 SB	
031808		WTS NEENAH ENTERPRISES INC	64007P1110	N009546 SB	
53,071.0000		PATENT LITIGATION TR	7030441070	P011578 SB	
		BENEFICIAL TRUST INTERESTS	P011578	P011578 SB	
		WEHT SIEBEL PRODUCE TBK	Y7144Y1340	P017046 SB	
		SHS SERIES A		69336V1010	
		PGT INC		P019436 SB	
		RETAIL HOLDINGS NV		N741001060	
1,341,254.0000		SUNSHINE MNG & REFINERY COMPANY	R005483 SB	R005483 SB	
143	90,915.008	PAR 20.01	6678336000	6678336000	SB
PD 092607	11,403,635.0000				

CUSIP/SEC.	PRICE	MARKET VALUE	MARGIN REQUIREMENT
P206N1020	1.47292H	164,674	164,674
C00316	SB	111,601.0000	0
C234571000	0.00000H	0	0
D004752	SB	36.0000	0
350443100	1.53675	1,352,947	1,352,947
F104640	SB	680,395.0000	0
G418151040	0.00000H	0	0
G005001	SK	50,913.0000	0
G355411010	0.00000H	0	0
G830520	SK	19,346.0000	0
4402461150	0.00000H	0	0
H011304	SB	11,911.0000	0
4424872030	9.05000	3,642,625	1,821,312
H396710	SB	402,500.0000	0
L00581110	0.00000	0	0
K002715	SB	51,750.0000	0
43373X1030	0.00000H	0	0
K003938	SB	2,718,868.0000	0
5220W3170	0.11000H	4,893	4,893
L008500	SB	44,482.0000	0
55561B2020	0.00000H	0	0
H014518	SB	2,000,000.0000	0
64407P1050	1.55000H	537,265	537,265
N009197	SB	346,623.0000	0
64407P1110	0.00000	0	0
N019546	SB	75,745.0000	0
7030441070	0.00050H	26	26
P011578	SB	53,071.0000	0
Y7144Y1340	0.00532H	377,532	377,532
P017046	SB	70,964,707.0000	0
69336V1010	3.99000	535,693	402,777
P019436	SB	134,259.0000	0
N771081060	8.00000H	10,730,032	10,730,032
R005493	SB	1,341,254.0000	0
8678336000	0.00000H	0	0
S011720	SB	11,483,635.0000	0



BMR56	CLIENT 012	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93765
732-40125	RR: H61 STONEHILL OFFSHORE	CURR-CODE: 000		
TC LDA 031808	LONG/SHORT(-) 550,000.0000	SECURITY DESCRIPTION STANFIELD VICTORIA FIN LTD MTN 8542IAFH50	CUSIP/SEC 5BBKSB4 SB	PRICE 0.00000H
12 092507	29,260,000.0000	UR 03/24-06-032509	MARKET VALUE 550,000.0000	MARGIN REQUIREMENT 0
1d 090208	6,500,000.0000	DUE 03/25/2009 CROWN PAPER CO	2264499A40 SR SUB NOTES - ESCROW CUSIP-	0.00000 0
1d 060308	460,000.0000	NEWMAN CORP SR SEC'D NT	5BBKJQ7 SB	29,260,000.0000 0
12 071008	3,450,000.0000	DUE 01/01/2017 GMACH HOME EQUITY LOAN TRUST	5BBKJAD70 HTGPC/SERIES 2007-HEI A-4-VAR	11.000% 37.97255H 1,310,052
1d 122007	6,050,000.0000	DUE 07/24/2017 MAC CAPITAL LTD	552655AN10 SER 2007-1 CL B-2L 144A/3C7	5.952% 6,650,000.0000 3,450,000.0000 0
1d 080408	3,450,000.0000	DUE 07/26/2023 GMACH HOME EQUITY LN TR	5BBKJQ76 SB	7.045% 361861AG80 3,450,000.0000
1d 091608	3,523,920.0000	3,450,000.0000 SERIES 2007-HE2 CLASS A6	5BBKJTV6 SB	6.249% 361861AD50 3,450,000.0000
1d 072508	18,170,000.0000	DUE 12/25/2037 GMACH HOME EQUITY LN TR	5BBKJQ79 SB	6.249% 361861AB90 3,523,920.0000
1d 080508	15,410,000.0000	3,523,920.0000 SERIES 2007-HE2 CLASS A2	5BBKJQ76 SB	6.054% 361861AD50 3,523,920.0000
1d 04/15/14	0	DUE 12/25/2037 GMACH HOME EQUITY LN TR	5BBKJQ79 SB	6.054% 361861AD50 3,523,920.0000
1d 04/15/14	0	3,523,920.0000 SERIES 2007-HE2 CLASS A4	5BBKJQ79 SB	6.424% 361861AC70 3,523,920.0000
1d 04/15/14	0	DUE 12/25/2037 GMACH HOME EQUITY LN TR	5BBKJQ76 SB	6.424% 361861AC70 3,523,920.0000
Entered 04/15/14 Dg 04/15/14	0	3,523,920.0000 SERIES 2007-HE2 CLASS A3	5BBKJQ76 SB	6.193% 361861AC70 3,523,920.0000
Entered 04/15/14 Dg 04/15/14	0	DUE 12/25/2037 MASONITE CORP	5BBKJQ76 SB	6.193% 575379AE20 6,670,000.0000
Entered 04/15/14 Dg 04/15/14	0	SR SUB NT	5BBRZC1 SB	6,670,000.0000 1,534,100
Entered 04/15/14 Dg 04/15/14	0	DUE 04/06/2015 STANDARD PACIFIC CORP	5BBRZC1 SB	11.000% 853763AA80 1,012,000.0000
Entered 04/15/14 Dg 04/15/14	0	CUT SENIOR SUB NOTES	5BCCLN9 SB	93.37500 1,012,000.0000 944,955 283,486
Entered 04/15/14 Dg 04/15/14	0	DUE 10/01/2012 PNH MORTGAGE TRUST	5BCCLN9 SB	6,000Z 80.37500H 11,310,958 17,236,000.0000 AMORTIZED AMOUNT 11,310,958
Entered 04/15/14 Dg 04/15/14	0	SER 2007-SLI CLASS TAGS 144A	5BCLLC0 SB	6,600Z 17,236,000.0000 14072,732.41
Entered 04/15/14 Dg 04/15/14	0	DUE 12/25/2027 MINTSFIELD VICTORIA	5BCLLC0 SB	6,600Z 1,150,000.0000 0
Entered 04/15/14 Dg 04/15/14	0	EURO MEDIUM TERM NOTE	5BCSLJ0 SB	1,150,000.0000 0
Entered 04/15/14 Dg 04/15/14	0	DUE 03/28/2008		

BMR56 732-60125	CLIENT RR:	012 NBL STONEHILL OFFSHORE	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93766
TC LDA	LONG/SHORT(-)	SECURITY DESCRIPTION	CURR-CODE: 000		MARGIN REQUIREMENT
12 08408	26,875,000.0000	RESIDENTIAL CAP LLC SR SEC'D NT	CUSIP/SEC 76114EAR20 5BDDGMF4	PRICE 62.00000H 26,875,000.0000	MARKET VALUE 16,662,500
061308	4,600,000.0000	STANFIELD VICTORIA FIN LTD MEDIUM TERM NTIS144A 3C7	85431AJM00 5BDDHSQ5	0.00000 4,600,000.0000	0
092008	7,625,000.0000	CAPMARK FINL GROUP INC SR NT FLT 10	140661AD10 5BDDKMR1	76.93300 7,625,000.0000	5,866,141
12 071808	9,085,000.0000	ZIFF DAVIS MEDIA INC SR SEC'D NT - ESCROW CUSIP -	989ESCC9910 5BDNVZ6	0.00000H 9,085,000.0000	0
081208	2,294,000.0000	DUE 05/01/2012 ZIFF DAVIS MEDIA INC SR SEC'D NT FLTG RATE NEW	98951UAJ50 5BDNVV1	0.00000H 2,294,000.0000	0
082008	201,000.0000	- TENDER OFFER - DUE 12/21/2026 MONTANA POWER CO	612MMI6A90 5BDDQHJ0	0.00000 201,000.0000	0
082008	340,000.0000	- CONTRA CUSIP - DUE 12/23/2026 MONTANA POWER CO	612MMI9C40 5BDDQNT2	0.00000 340,000.0000	0
082008	197,000.0000	- TENDER OFFER - DUE 12/20/2006 CB NORTHEASTERN CORP	612MMI9860 5BDDQPD8	0.00000 197,000.0000	0
081108	11,676,000.0000	- CONTRA CUSIP - DUE 03/15/2007 NORTHEASTERN CORPORATION	666999ABE80 5BDDRLG4	0.00000 16,863,000.0000	0
082008	16,863,000.0000	SENIOR DEBTURE DUE 11/15/2020 NORTHEASTERN CORP	666999ABE80 5BDDRS2	0.00000 7,528,000.0000	0
081108	7,528,000.0000	-CONTRA CUSIP- DUE 03/15/2012 VICTORIA FIN LTD 144A VR	666999ABH40 5BDDRS2	0.00000 7,528,000.0000	0
092108	4,950,000.0000	DUE 12/12/2008 VICTORIA FIN LTD 144A VR	9262G0AL30 5BDDPV0	0.00000 4,950,000.0000	0
092108	1,100,000.0000	DUE 12/12/2008 VICTORIA FIN LTD 144A VR	9262G0AF60 5BDBRQ5	0.00000 1,100,000.0000	0
031808	4,644,999.0000	DUE 02/17/2009 GREEN TREE FINL CORP SER 1997-4 HFD HSG SR/SUB	393505UY60 5CAB250	0.00000H 4,644,999.0000	0
		DUE 02/15/2029		AMORTIZED AMOUNT 2614,347.94	

BMR56 732-40125 TC LDA 031808	CLIENT 012 RR: H81 STONEHILL OFFSHORE LONG/SHORT(-) 795,000.0000	MARGIN ACTIVITY STATEMENTS CURR-CODE: 000 SECURITY DESCRIPTION GREENTREE FINANCIAL	09/19/08	PAGE 93767
031808	14,000,000.0000	CUSIP/SEC 3P950BYC00 5C88202 SB	PRICE 0.00000H 795,000.0000	MARGIN REQUIREMENT 0 AMORTIZED AMOUNT 446,349.60
031808	31,643,000.0000	SECURITIZED MULTIPLE ASSET RATED TR ASSET BKD NT DUE 06/15/2005 7.056%	0.00000H 0	0
031808	12,362,000.0000	GLOBAL RATED ELIGIBLE ASSET TR CL A2 DUE 03/15/2006 7.350%	0.00000H 0	0
031808	30,068,000.0000	GLOBAL RATED ELIGIBLE ASSET TR 3737WAB50 SERIES 1998-A CL-A2 DUE 09/15/2007 7.060%	0.00000H 0	0
091608	4,025,000.0000	PEGASUS AVIATION LEASE SECURITIZATION II ASTBK SERIES DUE 05/10/2031 2.943%	0.00000H 0	0
091608	4,025,000.0000	SECURITIZED MULTIPLE ASSET SERIES 1997-6 CL A-1 DUE 11/15/2006 7.710%	0.00000H 0	0
091608	8,947,000.0000	CMACM HOME EQUITY LOAN TRUST HTGPC/SERIES 2004-HE1 A-3-VAR DUE 06/25/2034 2.681%	52.93800H 4,025,000.0000	1,900,914 AMORTIZED AMOUNT 3590,832.14
052708	2,990,000.0000	RESIDENTIAL FDG MTG SECS II SERIES 2005-HS2 CLASS A-1 DUE 09/25/2020 2.571%	76110USG20 5F99267 SB	99.65760H 8,947,000.0000 AMORTIZED AMOUNT 1,423,689 1428,580.64
052708	2,990,000.0000	RESIDENTIAL FDG MTG SECS II IN SERIES 2006-HSA1 CLASS A-2 DUE 11/25/2020 5.190%	76110VTD00 5106641 SB	70.04400H 2,990,000.0000 2,094,315
052708	2,150,000.0000	CWHER HOME EQUITY LOAN TRUST HTGPC/SERIES 2006-S2 A-2-VAR DUE 07/25/2027 5.627%	126685DM30 5119024 SB	78.5602H 2,150,000.0000 1,689,059
052708	9,200,000.0000	CWHER HOME EQUITY LOAN TRUST HTGPC/SERIES 2006-S2 A-3-VAR DUE 07/25/2027 5.641%	126685DM10 5119025 SB	41.12617H 9,200,000.0000 3,783,607
052708	6,836,750.0000	GMACH HOME EQUITY LN TR SERIES 2006-HE3 CLASS A2 DUE 10/25/2036 5.750%	38012TA880 5139469 SB	57.55203H 6,836,750.0000 3,934,743
052708	1,725,000.0000	GMACH HOME EQUITY LOAN TRUST HTGPC/SERIES 2006-HE3 A-4-VAR DUE 10/25/2036 6.008%	38012TA040 5141157 SB	83.11753H 1,725,000.0000 1,433,777
070708	4,070,000.0000	COUNTRYWIDE ASSET BK CERT SERIES 2006-2N CLASS A3 DUE 03/25/2034 5.658%	126684AC30 5143662 SB	87.26355H 4,070,000.0000 3,551,626

BMR56 732-4025	CLIENT 012 RR: H&L STONEHILL	OFFSHORE LONG/SHORT(-)	MARGIN ACTIVITY STATEMENTS CURR-CODE: 000	09/19/08	PAGE 93768
TC LOA 031808	SECURITY DESCRIPTION PHP HEALTHCARE CORPORATION	CUSIP/SEC SUB DEB CV	PRICE 0.00000H	MARKET VALUE 18,301,000.0000	MARGIN REQUIREMENT 0
092607	10,815,000.0000 MMPPLY PECK INTERNATIONAL	DUE 12/15/2002 6.50% DUE 01/03/1997 8.75%	G71536AH20 5016341 SB	0.00000H 10,815,000.0000	0 0
082208	1,450,000.0000 ESC COMBINED INC	NOTE - ESCROW - DUE 01/15/2003 6.125%	2003368890 5030910 SB	0.00000H 1,450,000.0000	0 0
121807	3,000,000.0000 IONICA PLC	SR NOTE	462213A180 5033225 SB	0.00000H 3,000,000.0000	0 0
031808	11,530,000.0000 ESC KITTY HAWK INC	DUE 08/15/2006 13.50% SR SEC'D NTS	4983269830 5037926 SB	0.00000H 11,530,000.0000	0 0
031808	966,000.0000 WOLVERINE TUBE INC	DUE 11/15/2004 9.95%	970093AE00	92.00000	888,720 888,720
031808	2,540,000.0000 CENTRAL TRACTOR FARM & COUNTRY	SENIOR NOTE SER B DUE 06/01/2009 10.50%	155560AA30 5046016 SB	0.00000 2,540,000.0000	0 0
031808	3,000,000.0000 IONICA PLC	INC SR NOTE	462213AK50 502652 SB	0.00000H 3,000,000.0000	0 0
031808	1,650,000.0000 KEY PLASTICS INC	SR SUB NOTE SER B DUE 03/15/2007 10.25%	498137AD50 5065089 SB	0.00000H 1,650,000.0000	0 0
031808	500,000.0000 PRATAMA DATAKOM ASIA	SENIOR DISC NOTES DUE 05/01/2007 15.00% ACCREDITED INNS	5051503 SB 730731AB30	0.00000H 500,000.0000	0 0
031808	18,880,000.0000 ENERGY GROUP OVERSEAS BU	DUE 07/15/2005 12.75% GTD NOTES 7.375% 10/9/98	299689AC00 5070867 SB	32.50000H 18,880,000.0000	6,136,000 1,888,000
031808	34,450,000.0000 NRG ENERGY INC	DUE 10/15/2017 7.425%	299689AD80 5071495 SB	32.50000H 30,633,000.0000	9,955,725 3,063,300
031808	10,350,000.0000 READ RITE CORP	SR NOTE CONV SUB NOTES DUE 06/15/2007 DUE 09/01/2004	620377AD40 5075991 SB 755546AA30 5077083 SB	0.00000 34,450,000.0000 0.00000 10,350,000.0000	0 0

BMR56	CLIENT 012	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93769	
732-40125	RR: H&I STONEHILL OFFSHORE TC LDA 12 012908 5,550,000.0000	CURR-CODE: 000 LONGSHORT( ) SECURITY DESCRIPTION MENOSUtheast BANKING CORP STAMPED CERTIFICATES DUE 11/12/1997 5.250%	CUSIP/SEC XK50935970 5093597 SB 0.00000 5,550,000.0000	PRICE MARKET VALUE 0	MARGIN REQUIREMENT 0
031808	7,125,000.0000	VENTURE HOLDINGS TRUST SR NOTE SER B DUE 07/01/2005 9.500%	92326WAD10 5102085 SB 0.00000H 7,125,000.0000	0	0
111607	20,005,000.0000	LVENT INC SR NTS DUE 10/15/2004 9.375%	537902AC20 5109706 SB 0.00000 20,005,000.0000	0	0
031808	70,000,000.0000	CELLNET DATA SYS INC SENIOR DISC NOTE DUE 10/01/2007 14.000%	15115MALE50 5109824 SB 0.00000H 70,000,000.0000	0	0
12 031808	3,092,000.0000	DELTA MILLS INC SR NOTE SER B DUE 09/01/2007 9.625%	247701AB10 5115626 SB 0.00000H 3,092,000.0000	0	0
031808	5,004,000.0000	DRYERS CORP SR NTS SER-B DUE 06/15/2007 10.250%	262497AG50 5123009 SB 0.00000H 5,004,000.0000	0	0
092607	2,410,000.0000	MENOSUtheast BANKING CORP EURO O-CPN STAMPED CERT DUE 12/18/1996	XX51233170 5123517 SB 0.00000 -2,410,000.0000	0	0
031808	14,153,000.0000	KELLSTROM INDUS INC SUB NTS CONV DUE 10/15/2002 5.750%	488055AC00 5125334 SB 0.00000H 14,153,000.0000	0	0
091708	12,650,000.0000	CALFINE CONSTRUCTION FINANCE CO L P / CORP 2ND PRIORITY DUE 08/26/2011 11.602%	13134VA450 5126805 SB 107.50000H 12,650,000.0000	13,590,750	6,119,437
Entered 04/15/14 15:45:10	Entered 04/15/14 15:45:12	HEMPOLY PECK INTL FINANCE CHF DUE 03/20/2049 6.250%	G71536AF60 5131393 SB 0.00000H 18,090,000.0000	0	0
031808	1,000,000.0000	IRIDIUM LLC CORP SR NOTE SER C DUE 07/15/2005 11.250%	462631AA40 5132066 SB 0.00000H -1,000,000.0000	0	0
149 031808	56,450,000.0000	KMRSL COMMUNICATIONS GLOBAL USD DUE 03/15/2008 10.000%	G7733AAD70 5142263 SB 0.00000H 56,450,000.0000	0	0
031808	24,440,000.0000	KELLSTROM INDUS INC CONV SUB NOTES DUE 06/15/2003 5.500%	486035AE60 5142366 SB 0.00000H 24,440,000.0000	0	0
031808	83,989,000.0000	PSINET INC SENIOR NOTES SER B DUE 02/15/2005 10.000%	74457CAB70 5142821 SB 0.00000H 83,989,000.0000	0	0
				AMORTIZED AMOUNT	72186,756.53

BMR56	CLIENT 012	RR: H81 STONENTLL	OFFSHORE	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93770
732-40125	TC LDA	LONG/SHORT(-)	SECURITY DESCRIPTION	CURR-CODE: 000		
12	031808	8,250,000.0000	INSTLCO HOLDING CO	CUSIP/SEC	PRICE	MARGIN REQUIREMENT
092507	16,275,000.0000	DUE 08/15/2008 14.00%	SR DISC NT	457661AA40	0.0000H	0
			MNS-AIR GROUP	5143514	SB 8,250,000.0000	
			SISAIR	5144469	SB 16,275,000.0000	594,249
031808	24,385,000.0000	DUE 07/07/2005 0.125%	REMRSL COMMUNICATION PLC	74972EAC20	0.00000H	0
			SR NTS	5145204	SB 24,385,000.0000	
031808	27,500,000.0000	DUE 03/01/2008 9.125%	CHS ELECTRONICS INC	12542AAB30	0.0000H	0
			SENIOR NOTES	5147251	SB 27,500,000.0000	
			MERCANTAIR MINING & EXP'L LTD	15133PAC50	0.0000H	0
			SENIOR SEC'D NOTE	5150557	SB 100,930,000.0000	AMORTIZED AMOUNT 89870,352.00
			DUE 12/01/2007 11.00%			
			EXOUS COMMUNICATIONS INC	302080AB50	0.0000H	0
			SR NTS	5158280	SB 50,420,000.0000	
			DUE 07/01/2008 11.250%			
			WHEELING PITTSBURGH STL CORP	963150AA50	53.75000H	1,081,230
			SR SEC'D NT	5169833	SB 6,705,304.0000	
			DUE 08/01/2010 6.00%			
031808	34,270,000.0000	SAFETY KLEEN SERVICES INC	78649QA430	0.0000H	0	
		SR SUB NOTE	5173374	SB 34,270,000.0000		
		DUE 06/01/2008 9.250%				
		NRG ENERGY INC	629377AN20	0.0000	0	
		SENIOR DEB	5174451	SB 25,057,250.0000		
		DUE 05/15/2006 6.500%				
		MNS-AIR GROUP FINANCE BV	N5639BA460	0.0000H	0	
		DUE 06/03/2006 4.375%	5196207	SB 23,417,000.0000		
		PSINET INC	74937CA030	0.0000H	0	
		SR NTS	5209090	SB 76,891,000.0000	AMORTIZED AMOUNT 65681,945.35	
		DUE 11/01/2008 11.500%				
		WCI COMMUNITIES INC	92923CAM60	39.00000H	7,628,400	
		CONV SENIOR SUB NOTE	5214313	SB 19,560,000.0000		
		DUE 10/01/2013 7.875%				
		SECURITIZED MULTIPLE ASSET	61375BA110	0.0000H	0	
		RATED TR 1997-5 ASSET BACKED	5216675	SB 27,850,000.0000		
		DUE 06/15/2005 7.720%				
		NRG ENERGY INC	629377AE20	0.00000	0	
		SR NOTE	5219666	SB 34,450,000.0000		
		DUE 06/01/2009 7.500%				

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MARGIN ACTIVITY STATEMENTS						09/19/08	PAGE 93771
	RR: HAI STONEHILL OFFSHORE LONG/SHORT-)	CURR-CODE: 000	CUSIP/SEC	PRICE	MARKET VALUE	MARGIN REQUIREMENT	
TC-LDA	CONSUMER PACKAGING INC	21061PAU80	0.0000H	0	0	0	
031808	SR NOTE	5220319	SB	8,800,000.0000	8,800,000.0000		
031808	DUE 02/01/2007	9.75%					
23,300,000.0000	JNSILCO CORP	457659AH20	0.00000H	0	0	0	
SR SUB NOTE SER-B	5223763	SB	23,300,000.0000				
092607	08/15/2007	12.00%					
23,420,000.0000	MCPOLLY PECK INTL FINANCE LTD	671536AB50	0.00000H	0	0	0	
092607	DUE 11/19/1990	6.250%					
081308	MCI COMMUNITIES INC	5225032	SB	23,420,000.0000			
092607	CONV	92923CM00	33.0000	2,233,770			
092607	DUE 08/05/2003	4.000%					
5,700.0000	AKTISSEA HOLDINGS LTD	X152296010	0.00000H	0	0	0	
092607	DUE 07/13/2049	4.000%					
5,700.0000	AKTIPEREGRAINE INVEST HOLDINGS LTD	5229681	SB	5,700.0000			
092607	DUE 06/20/2000						
6,395,000.0000	RUGET GROUP INC	X152296550	0.00000H	0	0	0	
031808	SR NTS	5229955	SB	2120,000.0000			
031808	DUE 04/01/2006	9.125%					
26,335,000.0000	TELEGLOBE INC	119003AF80	0.00000	0	0	0	
031808	GTD DEB	5230760	SB	6,395,000.0000			
031808	DUE 07/20/2009	7.200%					
53,161,000.0000	TELEGLOBE INC	87941TAE50	0.00000H	0	0	0	
031808	DEB	5231763	SB	53,161,000.0000			
031808	DUE 07/20/2029	7.700%					
79,740,000.0000	GLOBAL RATED ELIGIBLE ASSET TR 1998-A ASSET BACKED NT A-3	79,740,000.0000		0	0	0	
031808	DUE 01/15/2002						
7,000,000.0000	SFC NEW HLDGS INC	5233639	SB	7,000,000.0000			
031808	SR SUB NT	784123AF00	0.00000H	0	0	0	
031808	DUE 08/15/2003	13.250%					
18,600,000.0000	SECURITIZED MULTIPLE ASSET RATED TR 1997-SASSET BACKED	81375BAK80	0.00000H	0	0	0	
031808	DUE 03/15/2005	1.155%					
4,000,000.0000	GST NET WORK FUNDING INC	5245527	SB	18,600,000.0000			
031808	SENIOR DISC NOTE	36228YAC90	0.00000	0	0	0	
031808	DUE 05/01/2008	5246447	SB	4,000,000.0000			
3,215,000.0000	CARRIER INT'L S A	144500AC90	0.00000H	0	0	0	
031808	SR NOTE SER B	5247881	SB	3,215,000.0000			
031808	DUE 02/15/2009	13.250%					

BHR56 732-40125	CLIENT 012 RR: H61 STONENILL OFFSHORE	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93772
TC LDA	CURR-CODE: 000	CUSIP/SEC	PRICE	MARGIN REQUIREMENT
12 031808	49,600,000.0000 LONG/SHORT(-)	SENIOR SUB NOTE SER 8 IT GROUP INC	0.0000H 5249169 SB 49,600,000.0000	0 0
092607	2,270,000.0000	MMSS-AIR GROUP FIN DUE 11/15/2009 7.50%	0.0000H 525229 SB 2,270,000.0000	0 0
031808	173,811,000.0000	PSINET INCORPORATED SR NT	0.0000 69368VAB30 525156 SB 173,811,000.0000	0 0
061808	4,350,000.0000	YOSEMITE SECURITIES TRUST I 99-A LINKED ENRON OBLIG LEADS DUE 11/15/2006 8.250%	0.0000H 5253212 SB 4,350,000.0000	0 0
071008	52,619,000.0000	FRIEDE GOLDMAN INTL INC SUB NT CV	0.0000H 35630AA40 5255291 SB 52,619,000.0000	0 0
092607	4,100,000.0000	MEPPINET INC SER EUR SR NOTES EURO SER	0.0000 XK52336090 525309 SB 0.0000	0 0
071008	11,717,000.0000	DUE 08/01/2009 11.000% RESIDENTIAL CAP CORP NT 7.375% ON 08/18/2007	21.0000H 5259929 SB 11,717,000.0000	2,460,570 2,460,570
031808	34,039,000.0000	DUE 06/30/2010 8.375% EXPANS COMMUNICATIONS INC SR NT	0.0000H 302088AH20 526113 SB 34,039,000.0000	0 0
031808	11,475,000.0000	DUE 12/15/2009 10.750% VENTURE HOLDINGS TRUST DUE 06/01/2007 11.000%	0.0000H 923267AF60 5261156 SB 11,475,000.0000	0 0
040708	67,826,000.0000	WORLD ACCESS INC SENIOR NOTES DUE 01/15/2008 13.250%	0.0000H 98141AAU30 5262134 SB 67,826,000.0000	0 0
122 04111607	1,840,000.0000	SLM CORP MEDIUM TERM NTS DUE 07/27/2009 2.940%	0.0000H 78442FDQ80 5262864 SB 1,840,000.0000	1,745,371 523,611
122 04111607	4,037,000.0000	TXU EASTERN FUNDING CO GTD SR NT ORC CPN 6.45000 DUE 05/15/2005 6.450%	0.0000H 873169AF30 5264215 SB 4,037,000.0000	0 0
02 Pg 111607	8,650,000.0000	TXU EASTERN FUNDING CO GTD SR NOTE DUE 05/15/2009 6.750% RENDORAYON INTL FINANCE USD	0.0000H 873169A150 5264525 SB 8,650,000.0000	0 0
02 092607	400,000.0000	RENDORAYON INTL FINANCE USD DUE 03/29/2001 10.000%	0.0000H Y3902EA460 5272401 SB 400,000.0000	0 0

		CLIENT 012		MARGIN ACTIVITY STATEMENTS		09/19/08	PAGE 93773
732-4025	RR: HBL STONEHILL OFFSHORE	CURR-CODE: 000	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARGIN REQUIREMENT
TC LDA	26,400,000.0000	CONTINENTAL AIRLINES INC SR	2107959060	0.00000H	26,400,000.0000	0	0
03/808		NOTES GTD-EG-ESCHOW	522505	SB			
011708	133,370,000.0000	PSINET INC	03/15/1997	11.500%			
092607	300,000.0000	SR NOTE	DUE 12/01/2006	10.500%			
010908	48,443,000.0000	MARTIN EASTERN FUNDING	DUE 03/08/2030	7.250%	G9143JAE00	0.00000H	0
092607	2,250,000.0000	KAMPINET INC	DUE 12/01/2006	10.500%	525991	SB 300,000.0000	0
031808	4,218.0000	EURO SERIES	DUE 03/31/2000	6.500%	XX22772070	0.00000	0
031808	100.0000	LUKENS INC	DUE 03/31/2000	6.500%	5277207	SB 48,443,000.0000	0
031808	5,985,000.0000	MEDUIM TERM NOTES	DUE 02/01/2006	6.500%	54886QA450	0.00000	0
031808		MAGGD BONDHOLDER TRUST	DUE 03/31/2000	6.500%	528012	SB 2,250,000.0000	0
031808		OFFSHORE TR CTF REC S	DUE 03/31/2000	6.500%	63344MAA50	0.00000H	0
031808		ETOYS IND	DUE 03/31/2000	6.500%	5281808	SB 4,218.0000	0
092607	1,850,000.0000	CONV SUB NOTE	DUE 12/01/2004	6.250%	297862AB00	0.00000	0
031808	3,262,000.0000	MM-AIR GROUP	DUE 11/04/2004	2.125%	522964570	0.00000H	0
031808	23,850,000.0000	COLOR TILE INC	SR NT DUE 12/15/2001	10.750%	5266457	SB 1,850,000.0000	0
031808	15,218,000.0000	NRG ENERGY INC	DUE 09/19/2010	8.250%	53267AD00	0.00000H	0
031808	4,036,450.0000	EAGLE GEOPHYSICAL INC	SR NT SER B -ESCRNED-	10.750%	537531	SB 3,262,000.0000	0
031808		RTS INC	DUE 07/15/2008	10.750%	623377AG70	0.00000	0
031808		SR SUB NOTE	DUE 03/19/2009	10.000%	530622	SB 23,850,000.0000	0
031808	9,213,000.0000	ENRON CORP	PRIVATE PLACEMENT	0.000%	265249C00	0.00000H	0
031808	18,635,000.0000	RSL COMMUNICATIONS PLC	DUE 08/15/2005	8.000%	5310628	SB 15,218,000.0000	0
031808		GRD US\$ SR NT	DUE 03/01/2010	12.875%	55276WAD10	0.00000	0
031808					532253	SB 4,036,450.0000	0
031808					29357YAA10	0.00000H	0
031808					5324524	SB 9,213,000.0000	0
031808					74472EAN00	0.00000	6632,828.40
031808					5325546	SB 18,635,000.0000	0

				MARGIN ACTIVITY STATEMENTS	CUR-CODE: 000	PRICE	MARKET VALUE	09/19/08	PAGE 93774
				DESCRIPTION	CUSIP/SEC				MARGIN REQUIREMENT
12 092507	7,000,000.0000	RR: H81 STONEHILL OFFSHORE TC LDA LONG/SHORT(-)	012	MARSL COMMUNICATIONS PLC DUE 03/01/2010 12.815%	0702XAC00	0.00000H	0		0
12 031808	17,000,000.0000	GT GROUP TELECOM INC SENIOR DISC EXCH NOTES DUE 02/01/2010 13.250%		536359AC20 5329921	0.00000H SB	7,000,000.0000 17,000,000.0000	0		0
12 092507	31,627,000.0000	MMSAIGROUP FINANCE DUE 10/06/2010 6.625%		N5639BAC20 5332712	0.00000H SB	31,627,000.0000 31,627,000.0000	0		0
12 092507	1,250,000.0000	MNPASHINCO FINANCE LTD EURO MEDIUM TERM NOTE DUE 02/10/2003		Q73565AA10 5334867	0.00000H SB	0 1,250,000.0000	0		0
12 060508	13,105,000.0000	MCI CMATYS INC SR SUB NT DUE 03/15/2015 6.625%		92922CAP90 5337735	40.00000H SB	5,242,000 13,105,000.0000	5,242,000		5,242,000
12 072208	4,975,000.0000	BRODER BROS CO SR NOTE DUE 10/15/2010 11.250%		112013AB30 5341743	67.50000H SB	3,358,125 4,975,000.0000	3,358,125		3,358,125
12 092507	1,320,000.0000	MNMULIAERAMIK FINANCE LTD SENIOR 8 VAR RT DUE 10/31/2007 MNEEXODUS COMMUNICATIONS SENIOR NOTES DUE 12/15/2009 10.750%		V65509AB30 5341886	0.00000H SB	0 1,320,000.0000	0		0
12 092507	3,600,000.0000	MNMULIAERAMIK FINANCE LTD SENIOR 8 VAR RT DUE 10/31/2007 MNEEXODUS COMMUNICATIONS SENIOR NOTES DUE 12/15/2009 10.750%		XX53426960 5342696	0.00000H SB	0 3,600,000.0000	0		0
12 031808	13,650,000.0000	MNEEXODUS COMMUNICATIONS SENIOR NOTES DUE 07/15/2008 11.375%		302088AN90 5343324	0.00000H SB	0 13,650,000.0000	0		0
12 010708	8,503,000.0000	MNTYU EUROPE FUNDING LTD EURO ISSUE DUE 11/30/2005 7.000%		G9143RAA00 5346617	0.00000H SB	0 8,503,000.0000	0		0
12 031808	164,013,000.0000	EXODUS COMMUNICATIONS INC US\$ SR NT DUE 07/15/2010 11.625%		302088AL30 5355200	0.00000H SB	0 164,013,000.0000	0		0
12 092507	6,045,389.0000	MNMULIAERAMIK FINANCE LTD SENIOR A VAR RATE DUE 10/31/2007 7.147%		V65509AA50 5355724	0.00000H SB	0 6,045,389.0000	0		0
12 073008	4,950,000.0000	GENERAL MOTORS ACCEPTANCE CORP GLOBAL NOTES DUE 03/02/2011 7.250%		370425RU60 5356646	62.78500 SB	0 4,950,000.0000	0		0
12 031808	2,925,000.0000	ESCROW GUANGDONG INTL TR & INT'L 144A DUE 11/15/2020 6.750%		60065L9A10 5358558	0.00000H SB	0 2,925,000.0000	0		0

BMR56	CLIENT	012	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93775
	RR:	H&I STONEHILL	CURR-CODE: 000		MARGIN REQUIREMENT	0
C LDA	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARKET VALUE	0
2 031806	3,300,000.0000	ESTROW GUANGDONG INTL TR # 144A	4006519890 5359457	0.0000H SB	3,300,000.0000	0
.2 031806	42,129,000.0000	DUE 10/24/2016 8.750% MASIA GLOBAL CROSSING LTD	04518GAB70 5362572	0.0000N SB	42,129,000.0000	AMORTIZED AMOUNT
.2 031806	63,600,000.0000	SR NT DUE 10/15/2010 13.375% NRG ENERGY INC	629377AL60 5368394	0.0000H SB	0	34640,153.59
.2 031806	23,850,000.0000	BONDS DUE 04/01/2031 8.625% NRG ENERGY INC	629377AK80 5368395	0.0000N SB	0	0
.2 031806	1,185,000.0000	NOTES DUE 04/01/2011 7.750% FLEETING COS INC	339130AF10 5370856	0.0000H NTS	0	0
.2 032708	1,650,000.0000	DUE 04/01/2008 10.125% CIT GROUP INC NEW	125581AV00 5381485	91.57100 SB	1,650,000.0000	AMORTIZED AMOUNT
.2 111607	26,310,000.0000	DUE 01/30/2009 2.946%/ MEMPV INVESTMENT FINANCE CV	G7111WA110 5325354	0.00000N REG S	0	1109,445.69
.2 092507	1,740,000.0000	DUE 12/01/2000 4.500%/ WINTERTHUR UNDERLYING SVC LTD EURO MEDIUM TERM NOTE	Q33895AB90 5406872	0.0000H SR NT	0	453,276
.2 070208	2,625,000.0000	DUE 05/14/2003 5.987%/ MIDWEST GENERATION LLC	59332WAE90 5406872	102.73200H PASSTHRU CTF SER A	2,625,000.0000	AMORTIZED AMOUNT
.2 031808	742,000.0000	DUE 07/02/2009 8.300%/ DAIRY MART CONVENIENCE STORES	2338609B30 5430398	0.00000 INC - ESCROW -	0	0
.2 092507	10,000,000.0000	DUE 03/15/2004 10.250%/ SWISSAIR CORP	H83370BD60 5435819	0.00000H SR	0	0
.2 072208	1,000,000.0000	DUE 04/12/2005 6.250%/ ENRON CREDIT LINKED NOTES TR	29357YAD50 5442294	10,000,000.0000 SR	0	0
.2 070906	213,000,000.0000	STERLING6 CREDIT LINKED NOTE DUE 05/24/2006 7.250%/ ENRON CORP	U29302AJ20 5445510	1,000,000.0000 SB	0	0
.2 071008	300,000.0000	EURO DEB DUE 06/18/2004 0.970%/ ENRON CORP	U29302AC60 54466559	0.00000H SB	213,000,000.0000	0
		DUE 06/15/2003 0.678%/ ENRON CORP	U29302AC60 54466559	0.00000H SB	300,000,000.0000	0

					MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93776
					CURR-CODE: 000	PRICE	MARKET VALUE	MARGIN REQUIREMENT
BR056	CLIENT 012	RR: H&I STONEMILL OFFSHORE			G71536AG40	0.00000H	0	0
IC LDA	LONG/SHORT(-)	SECURITY DESCRIPTION			5447758 SB	8,975,000.0000	0	0
12 092607	8,975,000.0000	MAPOLLY PECK INTL	DUE 01/04/2005	7.250%	H037SAC80	0.00000H	0	0
					5446492 SB	795,000.0000	0	0
12 092507	795,000.0000	HNSAIR GROUP	QUE 02/02/2007	4.250%	H037SAB00	0.00000H	0	0
12 092507	2,265,000.0000	HNSAIR GROUP	QUE 07/30/2004	2.750%	5454713 SB	2,265,000.0000	0	0
12 092607	29,165,000.0000	HNS POLLYPECK	-SF-		G71536AA70	0.00000H	0	0
			DUE 08/13/1992	6.000%	5470166 SB	29,165,000.0000	0	0
12 092607	15,535,000.0000	HNS POLLYPECK	DUE 09/20/1994	5.625%	G71536AE90	0.00000H	0	0
12 092607	28,240,000.0000	HNS POLLYPECK	DUE 04/07/1993	5.750%	5470555 SB	15,535,000.0000	0	0
					G71536AC30	0.00000H	0	0
12 031808	7,000,000.0000	SECURITY MULTI ASSET	DUE 01/01/2059	8.570%	826999AAL30	0.00000H	0	0
12 073008	14,645,000.0000	WCI COMMUNITIES INC	GTO SENIOR SUB NOTE		5485566 SB	7,000,000.0000	0	5,711,550
			DUE 05/01/2012	9.125%	92923CAG90	39.00000H	5,711,550	
					5489304 SB	14,645,000.0000		
12 092607	25,242,000.0000	HNS POLLY PECK INTL FINANCE-DM	CPN		G71536AA90	0.00000H	0	0
			DUE 04/20/1993	6.000%	5494069 SB	25,242,000.0000	0	0
12 121007	17,368,000.0000	FLEETING COMPANIES INC	SENIOR NOTES		339130AX40	0.00000H	0	0
			DUE 06/15/2010	9.250%	5497868 SB	17,368,000.0000	0	
12 092507	3,850,000.0000	HNSMAC INTL FINANCE BV	EURO MEDIUM TERM NOTE		N3592XUA50	180,05463H	6,932,103	3,119,446
			DUE 12/15/2008	6.250%	5515750 SB	3,850,000.0000		
12 092507	7,000,000.0000	WWF C E BANK PLC	EURO MEDIUM TERM NOTE		G33365PB00	135,88569H	9,511,998	4,280,399
			DUE 09/30/2009	5.955%	5516264 SB	7,000,000.0000		
			CALPINE GENERATING CO LLC		13135BAF30	7,62500H	456,356	456,356
			SR SEC'D NT		5508671 SB	6,000,000.0000	AMORTIZED AMOUNT	5985,000.00
			DUE 04/01/2010	11.070%	031042AC80	75,50000H	2,265,000	
			AMES TRUE TEMPER INC		5505038 SB	3,000,000.0000		
			SENIOR NOTE					
12 031808	3,000,000.0000	SOUTHEAST BKG CORP SUB NTS REG	DUE 01/15/2012	6.790%	0413338AD80	0.00000H	0	0
12 111607	8,756,000.0000		DUE 04/11/2001	10.500%	5515644 SB	8,756,000.0000	0	

BMR56	CLIENT	RR:	OFFSHORE	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE
'32-00125	012	HOL STONEHILL	CURR-CODE: 000	PRICE	93777	
'C LDA	LONG/SHORT (-)	SECURITY DESCRIPTION	CUSIP/SEC	MARKET VALUE		
.2 100407	315,000.0000	AMERICAN RICE INC	02910AA00	0.00000H	0	
		MTG NOTES W/CONTINGENT INT	5552686	315,000.0000		
.2 111607	4,876,944.0000	SOURCE MEDIA INC	836153AC00	0.00000	0	
		SR SEC'D NTS	5563564	4,876,944.0000		
.2 031808	14,800,000.0000	CALPINE GENERATING CO	13135BAE60	0.00000H	0	
		DUE 07/31/2002 13.000%	5574222	0		
.2 031808	3,640,000.0000	JET EQUIPMENT TR MEZZANINE	477122AU70	14,800,000.0000	0	
		NOTE CL B 95-B	5574462	0		
.2 031808	8,600,000.0000	QUE 02/15/2015 7.830%		3,640,000.0000	0	
		ESCROW CONTINENTAL AIRLINES	2107959L60	AMORTIZED AMOUNT	2932,474.74	
		INC	5578156	0.00000H	0	
		DUE 11/15/2001 10.000%	5578156	0		
.2 031808	33,789,621.0000	AIRPLANES PASS THROUGH TRUST	009451AH80	0.00000H	0	
		AS TBK/SERIES 1996-A D-FIXED RT	55770999	33,789,621.0000	AMORTIZED AMOUNT	
.2 092607	1,839,000.0000	DUE 03/15/2019 10.875%	SB	0	33374,006.66	
		SOUTHEAST BANKING CORP CV S/D	841335AA40	0.00000	0	
.2 102407	1,312,000.0000	-REG	5596000	0	0	
		DUE 10/15/1997 4.750%	SB	1,839,000.0000		
		SOUTHEAST BANKING CORP-FRN	841335AF30	0		
		CPN	5596001	0		
		DUE 11/12/1997 5.250%	SB	1,312,000.0000		
.2 031808	992,000.0000	SOUTHEAST BANKING CORP	841335AG10	0.00000H	0	
		CONY SUB CAPITAL NOTE	5596002	992,000.0000		
		DUE 03/15/1999 6.500%	SB	0		
.2 040708	3,300,000.0000	CIT GROUP INC	125577AV80	99,33600	0	
.2 041008	550,000.0000	CIT GROUP FUNDING CO CDA	56346664	3,278,088	983,426	
		SR NT	125568AB10	5,300,000.0000		
		DUE 12/19/2008 3.232%	5666251	78,61900	432,404	
		CIT GROUP FUNDING CO CDA	SB	550,000.0000	129,721	
.2 081208	11,694,343.0000	DUE 07/01/2010 4.650%	SB			
		NORTHERNSTAR NAT GAS INC	666107AA50	92,00000H		
		SR NTS 144A	5713396	10,758,795		
		DUE 05/15/2013 5.000%	SB	11,694,343.0000		
.2 091608	5,980,000.0000	WASHINGTON MUT PFD FDG TR I	95934WA30	12,05500H	216,230	
		PERPETUAL 144A	5726350	5,980,000.0000		
		DUE 03/07/2049 6.536%	SB	720,769		
		WMCIT GROUP FDG CO CDA	125568AE50	66,22330H		
		SR NT	5778017	3,188,651		
		DUE 11/02/2011 5.600%	SB	4,815,000.0000	1,434,893	

MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93778
CURR-CODE: 000	PRICE	MARKET VALUE	MARGIN REQUIREMENT
RR: H&I STONEHILL OFFSHORE LDA LONG/SNORT (-) 060408 2,300,000.0000 COUNTRYWIDE ASSET-BCK CERTIF SERIES 2006-S7 CLASS A6 DUE 11/25/2035 5.93%	12668VAF60 4.8.30830H 5801730 SB 2,300,000.0000	1,111,090	1,111,090
2 090208 4,600,000.0000 CMHEQ HOME EQUITY LOAN TRUST MTGPC/SERIES 2006-S7 A-1-VAR DUE 11/25/2035 2.561%	12668VAA70 85.41443H 5850819 SB 4,600,000.0000	1,546,558	1,546,558
2 092507 500,000.0000 MMFC BANK PLC EURO MEDIUM TERM NOTE DUE 01/16/2012 7.125%	5333658940 111.25937H 5856171 SB 500,000.0000	556,296	250,333
2 050508 12,528,000.0000 UNIFI INC SR SC NT 11.5%14 DUE 05/15/2014 11.500%	904677A660 90.00000H 5856846 SB 12.528,000.0000	11,275,200	11,275,200
2 072508 5,750,000.0000 CMHEQ HOME EQUITY LN TR SER 2006-S5 CLASS A2 DUE 06/25/2015 5.681%	126683AB70 59.5053H 5905694 SB 5,750,000.0000	3,421,573	3,421,573
2 082508 6,647,920.0000 COUNTRYWIDE ASSET-BACKED CTF'S SERIES 2006-S8 CLASS A3 DUE 04/25/2036 5.555%	12668XAC20 47.92761H 5943647 SB 6,647,920.0000	3,175,285	3,175,285
2 092607 63,800,000.0000 MMARQUE PALLAS IN DEFAULT DUE 02/08/1996 10.125%	F07959AG80 0.00000H 5956314 SB 63,800,000.0000	0	0
2 092507 4,733,000.0000 GREAT '96-A SERIES A-2 FRN- DUE 12/31/2026 SECURITIZED MULTIPLE ASSET	XX55571710 0.00000H 5957171 SB 4,733,000.0000	0	0
2 081808 4,798,000.0000 A2 97-5 DUE 06/29/2005 CMHEQ HOME EQUITY LOAN TRUST SERIES 2006-S10 CLASS A-2 DUE 10/25/2036 2.691%	XX5572020 0.00000H 5957202 SB 4,798,000.0000	0	0
.2 090208 2,300,000.0000 CORP SR NT 144A / STALLION OILFIELD SVCS LTD / DUE 02/01/2015 9.750%	12668YAB90 90.53437H 5961848 SB 2,300,000.0000	2,082,290	2,082,290
.2 031908 2,475,000.0000 MMALUXFER HOLDINGS PLC DUE 02/06/2012 11.530%	85259AA40 70.50000H 5975781 SB 2,475,000.0000	1,744,875	785,193
.2 092507 1,434,969.0000 MF ZUCKERMAN INVESTMENTS DUE 02/06/2012 11.530%	05698WAD00 0.00000H 5986867 SB 1,434,969.0000	0	0
.2 092807 299,177.0000 CHANGING WORLD TECHNOLOGIES INC RESTRICTED TOA TO A/C # (xx)	XX94437650 0.00000 XX91118260 0.00000 9111826 SK 175,438.6000 9999993400 0.00000	299,177.0000	0
.2 091908 30,110.0000 9999993400 0.00000	0	0	0

				MARGIN ACTIVITY STATEMENTS	09/19/08		PAGE
				CURR-CODE: 000		MARKET VALUE	93779
				CUSIP/SEC	PRICE	MARGIN REQUIREMENT	
'32-40125	C.LDA	062408	RR: H01 STONEHILL OFFSHORE LONG/SHORT(-)	ACACIA RESEARCH - ACACIA TECHNOLOGIES	A013707 SB 4,38000	37,214.0000 1,070,675	111,642
:0	:0	070208	158,854.0000	ADVANTA CORP-CL A	A00942050 SB 6,74000	158,854.0000 9,059,784	476,562
:0	20	091708	951,658.0000	ADVANTA CORP-CL B NON-VTG	A009422040 SB 9,52000H	951,658.0000 9,059,784	2,717,935
:0	20	092507	0.0000	BURLINGTON INDUSTRIES INC NEW	A189735 SB 0.0000H	0.0000H 0	76,750
20	20	091108	0.0000	CIT GROUP INC NEW	B550968 1255811080	11,16000 0	183,650
20	20	092208	301,044.0000	CONTINENTAL AIRLINES INC-CL B	C011859 2107955080	18,40000 5,539,209	9,335.0000 1,661,762
20	20	091908	591,496.0000	DELTA AIR LINES INC DEL CDM NEW	C562466 SB 9,67000H	5,719,766	1,715,929
20	20	040908	51,850.0000	EXX INC-CL A	D010768 SB 262822090	280,248.0000 134,810	134,810
20	20	070708	174,960.0000	ICO GLOBAL COMMUNICATIONS	E099150 SB 44330K1080	51,850.0000 2,25000H	393,660
20	20	082108	0.0000	HLDGS LTD DEL CL A	H010818 SB 55262C1000	174,960.0000 12,88000	920,000
20	20	063008	0.0000	NORTHWEST AIRLINES INC	M000545 6600743050	26,22000H 0	659,210
20	20	092208	416,436.0000	NORTHWEST AIRL CORP	N007436 662804080	11,53000 4,801,507	1,440,452
20	20	081908	0.0000	NORNBORD INC	N009281 SB 65548P1060	416,436.0000 4,18115H 0	48,306.0000 67,893
20	20	040908	1,147.0000	PORTLAND GENERAL ELECTRIC CO	N101684 7365088470	25,00000H 26,675	8,602
20	20	081208	0.0000	RAIT FINANCIAL TRUST	P019060 SB 7492271040	1,147.0000 7,35000 0	273,000
20	20	092208	608,890.0000	US AIRWAYS GROUP INC	R003584 90341W1080	608,890.0000 4,816,319	1,444,895
20	20	090208	0.0000	WELLS FARGO & CO	U003620 SB 9494461010	39,80000 0	106,720.0000 1,152,210
20	20	091508	0.0000	WACHOVIA CORPORATION	W001549 9299031020	18,75000 0	388,125
				W002990			

BMR56	CLIENT	012	RR:	H&L STONEHILL OFFSHORE	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE	93780
'32-40125	C LDA	LONG/SHORT(-)	DESCRIPTION	CURR-CODE: 000	CUSIP/SEC	PRICE	MARGIN VALUE	MARGIN REQUIREMENT
:0 091108	0.00000	0.00000	WASHINGTON MUTUAL INC	9393221030	4.25000	0	0	1,852,473
:0 060208	225,562.0000	225,562.0000	ZARLINK SEMICONDUCTOR INC	W026516 9891391000 Y001713 SB 902544AE40	0.49000 225,562.0000 55,87500 2,300,000.0000	110,525 1,285,125	0	110,525
:0 061708	2,300,000.0000	2,300,000.0000	UAL CORP	5725709 SB	2,300,000.0000	385,537	0	
:0 082208	0.0000	0.0000	UNITED STATES TREASURY BOND DUE 02/01/2021 5.000%	912810PW20 7001110	100.03100 100.93000	0 0	0	2,500,713
:0 072508	0.0000	0.0000	UNITED STATES TREASURY NOTE DUE 05/15/2018 4.375%	912828H260 7001113	100.93000 104.75049H	0 0	0	464,278
:0 081508	0.0000	0.0000	UNITED STATES TREASURY NOTE DUE 05/15/2018 3.875%	912828CA60 7001113	104.75049H	0	0	1,571,257
:53 092507	30,700.0000-	30,700.0000-	BURLINGTON INDUSTRIES INC NEW	1216931050 8550969	0.00000H 1255811080	0 11.16000	0	0
:53 091108	36,770.0000-	36,770.0000-	CIT GROUP INC NEW	C011859 55262C1000	0 12.88000	410,353- 2,362,920-	0	0
:53 082108	186,000.0000-	186,000.0000-	MBIA INC	M000545 6680743050	0 26.22000H	0 2,197,367-	0	0
:53 063308	83,805.0000-	83,805.0000-	NORTHWESTERN CORPORATION NEW	N0074336 65348P1060	0 4.18115H	0 67,893-	0	0
:53 081108	16,238.0000-	16,238.0000-	MARINOBORD INC	N101684 7492271040	0 7.35000	0 401,310-	0	0
:53 081208	56,600.0000-	56,600.0000-	RAIT FINANCIAL TRUST	R035584 9497461010	0 39.80000	0 3,840,700-	0	0
:53 090208	96,500.0000-	96,500.0000-	WELLS FARGO & CO	M001549 9299031020	0 18.75000	0 1,293,750-	0	0
:53 091508	69,000.0000-	69,000.0000-	WACHOVIA CORPORATION COM	W022990 9353221030	0 4.25000	0 1,852,473-	0	0
:53 091108	435,876.0000-	435,876.0000-	WASHINGTON MUTUAL INC	W038516 912810PW20	0 100.03100	0 23,007,130-	0	0
:53 082108	23,000,000.0000-	23,000,000.0000-	UNITED STATES TREASURY BOND DUE 05/15/2038 4.375%	7001110 912828H260	0 100.93000	0 4,642,780-	0	0
:53 072508	4,600,000.0000-	4,600,000.0000-	UNITED STATES TREASURY NOTE DUE 05/15/2018 3.875%	7001113 912828CA60	0 104.75049H	0 15,712,574-	0	0
:53 081508	15,000,000.0000-	15,000,000.0000-	UNITED STATES TREASURY NOTE DUE 02/15/2014 4.000%	7001113 -----	0	0	0	
TOT MV	243,985,832	OLD SMA	9,036,937-	SMA	9,068,746-	SMA CHANGE	31,807	
EQUITY	299,915,558	LIQ EQT	299,915,558	EQY %	100	HOUSE EXCESS	78,671,598	NEW HSE CALL
CSH AV	5,068,744	BUYING P	16,137,489	OTHER EXCESS	231,882,728	NYSE OPT REQ	0	0

8MR56		CLIENT 012	RR: H01 STONEHILL OFFSHORE	MARGIN ACTIVITY STATEMENTS				09/19/08	PAGE 93781
		BALANCES		CURR-CODE: 002 C6					
TC	S/DATE	OPEN T/D BAL	CLOSE T/D BAL	OPEN S/D BAL	CLOSE S/D BAL			MARKET VALUE	DLA
12	09/19	00.00	00.00	00.00	00.00			13,213,686	09/18/08
FOREIGN CURRENCY C\$ RATE		.95352472 T/D BAL	.95352472 T/D BAL	0.00	0.00				
20	1,969,777.11	2,030,436.55	1,949,777.11	1,949,777.11	2,030,436.55			366,153	09/19/08
FOREIGN CURRENCY C\$ RATE		.95352472 T/D BAL	.95352472 T/D BAL	1,936,073.34	2,019,674.27-			2,819,674.27-	09/19/08
53	2,739,012.83-	2,819,674.27-	2,739,012.83-	2,688,629.11-	2,688,629.11-			2,834,051-	
FOREIGN CURRENCY C\$ RATE		.95352472 T/D BAL	.95352472 T/D BAL	789,235.72-	789,235.72-			789,235.72-	10,745,787
T									
TC S/DATE	ACTIVITY(-)	DESCRIPTION		CUSIP/SEC	PRICE/ENT	T/D	TRD #	DEBIT/CREDIT(-)	
20	09/19	MARK TO MARKET		MKT NS	09/9			80,661.44	
53	09/19	MARK TO MARKET SHORT POS		MKT NS	09/19			80,661.44-	
TC	LOA	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE			MARGIN REQUIREMENT	
12	091708	2,460,526.0000	MMZARLINK SEMICONDUCTOR INC	9891391000	0.51388			1,264,422	
12	041408	13,535,000.0000	MMGENERAL MOTORS ACCEPTANCE	Y001713	SB	2,460,526.0000			
			CORP OF CANADA LTD	370472BM00	88.28418H				
			58BGCFL9	SB	13,535,000.0000				
20	082908	0.0000	MMCANADIAN IMPERIAL BANK OF	1360691010	62.50493				
			COMMERCE	C146504	0				
			MEMNORB RD INC	65548P1060	4.38494H				
			N101684		0				
20	082808	712,524.0000	MMZARLINK SEMICONDUCTOR INC	9891391000	0.51388			366,153	
53	082908	8,880.0000-	MMCANADIAN IMPERIAL BANK OF	Y001713					
			COMMERCE	1360691010	62.50493			555,043-	
			C146504	65548P1060	4.38494H				
			N101684		0				
		- T O T A L S -						2,279,008-	
TOT MV	10,745,787	OLD FED CALL	3,500,992	FED CALL	3,500,992				
EQUITY	11,535,023	LIQ EQT	11,535,023	EQY %	0	HOUSE EXCESS		0	
CSH AV	0	BUYING P	0	OTHER EXCESS	0	NEW HSE CALL		0	
				NYSE OPT REQ	6,017,390	NEW FED CALL			

BMM56		CLIENT 012	RR: HOL STONEHILL OFFSHORE	MARGIN ACTIVITY STATEMENTS			09/19/08	PAGE 93782
				CURR-CODE: 003 BP				
TC		OPEN T/D BAL	CLOSE T/D BAL	OPEN S/D BAL	CLOSE S/D BAL			
12	00.00	00.00	00.00	00.00	00.00			
FOREIGN CURRENCY BP RATE	1.03010002	T/D BAL	0.00	0.00	0.00			
20 73,420.47-								
FOREIGN CURRENCY BP RATE	1.03010002	T/D BAL	73,420.47-	73,420.47-	73,420.47-			
T 73,420.47-								
NO ACTIVITY FOR THIS ACCOUNT								
TC	LDA	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARKET VALUE	MARGIN REQUIREMENT	
12	040108	985,000.0000	MANCIT GROUP INC EURO MEDIUM TERM NOTE DUE 12/15/2008 5.500%	U12605AB40 5214345	SB 94.22243H 985,000.0000	926,090	417,660	
12	070108	744,204.0000	MARLUXFER HOLDINGS PLC DUE 02/06/2012 11.330%	G5690WAD00 59866367	SB 0.00000H 744,204.0000	0	0	
TOT MU		926,090	OLD SMA					
EQUITY	1,001,510	LIQ EQT	73,420-	SMA	73,420-	SMA CHANGE		
CSH AV	71,420	BUYING P	1,001,510 EQY z 146,840	100 HOUSE EXCESS OTHER EXCESS	583,870 908,702	NEW HSE CALL NYSE OPT REQ	0	0

BMR56		CLIENT 012	MARGIN ACTIVITY STATEMENTS	09/19/08	PAGE 93783
32-40125		RR: H81 STONEHILL OFFSHORE	CURR-CODE: 016 JY		
		- - - - -BALANCES - - - - -			
C	OPEN T/D BAL	CLOSE T/D BAL	OPEN S/D BAL	CLOSE S/D BAL	DLA
2.	01.00-	01.00-	01.00-	01.00-	05/13/06
FOREIGN CURRENCY JY RATE		.00935201 T/D BAL	00.00	00.00	
ACTIVITY					
NO ACTIVITY FOR THIS ACCOUNT					
- - - - -POSITIONS - - - - -		SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARGIN REQUIREMENT
.2	LDA LONG/SHORT(-)	MURERON CORP	U29302AH60	0.0000H	0
	050908 920,000,000.0000	QUE 06/18/2003	5446109 SB	920,000,000.0000	
.2	051308 460,000,000.0000	MURERON CORP	U29302AG80	0.0000H	0
		DUE 06/15/2003	5446359 SB	460,000,000.0000	
- - - - -T O T A L S - - - - -					
TOT MV		0 OLD SMA	0 SMA	0 SMA CHANGE	
EQUITY	1 LIQ EQT	1 EQY %	0 HOUSE EXCESS	0 NEW HSE CALL	0
SH AV	0 BUYING P	0 OTHER EXCESS	0 NYSE OPT REQ	0	

BMR56		CLIENT 012	RR: HBL STONEHILL OFFSHORE	MARGIN ACTIVITY STATEMENTS			09/19/08	PAGE 93784
		CURR-CODE: 246 EM						
TC	OPEN T/D BAL	CLOSE T/D BAL	OPEN S/D BAL	CLOSE S/D BAL				
12	00.00	00.00	00.00	00.00				
FOREIGN CURRENCY EM RATE	1.43870132 T/D BAL	1.43870132 T/D BAL	00.00	00.00				
20	1.96,050.45	1.96,050.45	100,862.09	196,050.45				
FOREIGN CURRENCY EM RATE	1.43870132 T/D BAL	1.43870132 T/D BAL	145,110.42	100,862.09				
53	1,940,454.85-	1,940,454.85-	1,940,454.85-	1,940,454.85-				
FOREIGN CURRENCY EM RATE	1.43870132 T/D BAL	1.43870132 T/D BAL	2,654,785.33-	1,845,266.49-				
T	1,744,404.40-	1,744,404.40-	1,744,404.40-	1,744,404.40-				
TC S/DATE	LONG/SHORT(-)	DESCRIPTION	CUSIP/SEC	PRICE/ENT	T/D	TRD #	DEBIT/CREDIT(-)	
20 09/19	MARK TO MARKET	MARK TO MARKET	NKT MS	09/19			95,188.36-	
53 09/19	MARK TO MARKET	SHORT POS	NKT MS	09/19			95,188.36	
TC LOA	LONG/SHORT(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARKET VALUE		MARGIN REQUIREMENT	
12 092028	250,000.0000	MMF/C BANK PLC	G33365SS010	74.80386H	187,009		84,154	
		EURO MEDIUM TERM NOTE	SBDQYS	SB	250,000.0000			
12 071608	920,000.0000	MMGPHC BANK GMBH	N3592XB660	78.94734H	726,315			
		EURO MEDIUM TERM NOTE	SBPBUH5	SB	920,000.0000			
12 041608	1,150,000.0000	MMCCR GROUP INC	U122605AD00	85.23296H	980,179			
		EURO MEDIUM TERM NOTE	5311424	SB	1,150,000.0000			
20 080608	0.0000	MMATOS	F061161010	32.37989H	0			
		FRF5	A06971				216,135	
20 080608	0.0000	MMVALEO-ORD	F962211260	25.17263H	0			
		FF 20 PAR	V148913				371,548	
53 080608	22,250.0000-	MMATOS	F061161010	32.37989H	720,452-			
		FRF5	A06971				0	
53 080608	49,200.0000-	MMVALEO-ORD	F962211260	25.17263N	1,238,493-			
		FF 20 PAR	V148913				0	
TOT MN		T O T A L \$						
	65,442-	OLD FEO CALL	1,030,497	FED CALL	1,030,497	NEW FED CALL	0	
EQUITY	1,678,961	LIQ EST	1,678,961	0 HOUSE EXCESS	239,201	NEW HSE CALL	0	
CSH AU	0	BUYING P	0	OTHER EXCESS	810,595	NYSE OPT REQ	0	

Symbol	CCY	Qty	Price	MV Calc	FX	MV (\$)
CIT	USD	(36,770)	11.16	(410,353.20)	1	(410,353.20)
MBI	USD	(184,000)	12.88	(2,369,920.00)	1	(2,369,920.00)
NEW	USD	(83,805)	26.22	(2,197,367.10)	1	(2,197,367.10)
NBDFF	USD	(16,238)	4.18115	(67,893.51)	1	(67,893.51)
RAS	USD	(54,600)	7.35	(401,310.00)	1	(401,310.00)
WFC	USD	(96,500)	39.8	(3,840,700.00)	1	(3,840,700.00)
WB	USD	(69,000)	18.75	(1,293,750.00)	1	(1,293,750.00)
WM	USD	(435,876)	4.25	(1,852,473.00)	1	(1,852,473.00)
912810PW2	USD	(23,000,000)	100.031	(23,007,130.00)	1	(23,007,130.00)
912828HZ6	USD	(4,600,000)	100.93	(4,642,780.00)	1	(4,642,780.00)
912828CA6	USD	(15,000,000)	104.75049	(15,712,573.50)	1	(15,712,573.50)
Type 5	USD	56,231,081.00	1	56,231,081.00	1	56,231,081.00
<b>Net USD</b>						<b>434,830.69</b>
Valeo	EUR	(22,250)	32.37989	(720,452.55)	1.43870132	(1,036,516.04)
Atos	EUR	(49,200)	25.17263	(1,238,493.40)	1.43870132	(1,781,822.08)
Type 5	EUR	1,845,266.49	1	1,845,266.49	1.43870132	2,654,787.33
<b>Net EUR</b>						<b>(163,550.79)</b>
CM	CAD	(8,880)	62.50493	(555,043.78)	0.95352472	(529,247.96)
NBDFF	CAD	(519,735)	4.38494	(2,279,006.79)	0.95352472	(2,173,089.31)
Type 5	CAD	2,819,674.27	1	2,819,674.27	0.95352472	2,688,629.12
<b>Net CAD</b>						<b>(13,708.15)</b>
<b>Total USD Due Stonehill</b>						<b>257,571.75</b>

Line	LEHMAN A/C #	Month Expected	Internal ID	LEIN ID	CCY	Amount (lcl)	Notes	Record date	Description	
1	Linchill Offshore Partners	732-40125	September-08	GBP	270.38	INTEREST	9/21/2008	INTEREST ON CREDIT BALANCE FROM 08/21 THRU 09/21 @ 4.455% BAL 73,420 ABAL 64,455 INTEREST PAID FOR 31 DAYS(S)		
2	Linchill Offshore Partners	732-40125	September-08	USD	12,74	INTEREST	9/22/2008	INTEREST ON CREDIT BALANCE FROM 08/22 THRU 09/22 @ 1.36% BAL 853,641 ABAL 425,177 INTEREST PAID FOR 31 DAYS(S)		
3	Linchill Offshore Partners	732-40125	September-08	USD	133,74	INTEREST	9/23/2008	INTEREST ON CREDIT BALANCE FROM 08/23 THRU 09/23 @ 1.36% BAL 853,641 ABAL 425,177 INTEREST PAID FOR 31 DAYS(S)		
4	Linchill Offshore Partners	732-40125	September-08	USD	132,82	INTEREST	9/16/2008	INTEREST ON CREDIT BALANCE FROM 08/16 THRU 09/16 @ 3.14% BAL 147,391 ABAL 147,391 INTEREST PAID FOR 6 DAYS(G)		
5	Linchill Offshore Partners	732-40125	September-08	USD	654,81	INTEREST	9/15/2008	INTEREST ON CREDIT BALANCE FROM 08/15 THRU 09/15 @ 3.000% BAL 851,095 ABAL 781,728 INTEREST PAID FOR 1 DAY(S)		
6	Linchill Offshore Partners	732-40125	September-08	USD	97,05	INTEREST	9/11/2008	INTEREST ON CREDIT BALANCE FROM 08/03 THRU 09/01 @ 1.36% BAL 851,095 ABAL 39,418 INTEREST PAID FOR 7 DAYS(S)		
7	Linchill Offshore Partners	732-40125	September-08	USD	47,055,52	INTEREST	9/21/2008	INTEREST ON CREDIT BALANCE FROM 09/01/09 THRU 10/01/09 @ 1.36% BAL 851,095 ABAL 57,518 LB TRANDS STAUTOINT		
8	Linchill Offshore Partners	732-40125	September-08	USD	688,52	INTEREST	9/22/2008	INTEREST ON CREDIT BALANCE FROM 09/19 THRU 09/21 @ 3% BAL 294,096 ABAL 82,1 97,008 LB TRANDS STAUTOINT		
9	Linchill Offshore Partners	732-40125	September-08	USD	-518,28	INTEREST	9/23/2008	INTEREST ON CREDIT BALANCE FROM 09/17 THRU 09/17 @ 3.174% BAL 524,497 ABAL 497,102 INTEREST CHARGED FOR 3 DAYS(S)		
10	Linchill Offshore Partners	732-40125	September-08	USD	-77,47	INTEREST	9/22/2008	INTEREST ON CREDIT BALANCE FROM 09/17 THRU 09/22 @ 1.34% BAL 524,497 ABAL 497,102 INTEREST CHARGED FOR 1 DAY(S)		
11	Linchill Offshore Partners	732-40125	September-08	USD	-16,73	INTEREST	9/22/2008	INTEREST ON CREDIT BALANCE FROM 09/21 THRU 09/21 @ 3.14% BAL 107,171 ABAL 551,14 INTEREST CHARGED FOR 1 DAY(S)		
12	Linchill Offshore Partners	732-40125	September-08	USD	-76,92	INTEREST	9/22/2008	INTEREST ON CREDIT BALANCE FROM 09/21 THRU 09/21 @ 3.14% BAL 107,171 ABAL 551,14 INTEREST CHARGED FOR 1 DAY(S)		
13	Linchill Offshore Partners	732-40125	September-08	USD	-61,83	INTEREST	9/22/2008	INTEREST ON CREDIT BALANCE FROM 09/21 THRU 09/21 @ 3.14% BAL 984,517 INTEREST CHARGED FOR 1 DAY(S)		
14	Linchill Offshore Partners	732-40125	September-08	USD	-1,154,41	INTEREST	9/22/2008	INTEREST ON CREDIT BALANCE FROM 09/29 THRU 09/30 @ 2.81% BAL 447,776 ABAL 448,048 ABAL 40,490 INTEREST CHARGED FOR 2 DAYS(S)		
15	Linchill Offshore Partners	732-40125	September-08	USD	62,99	INTEREST	9/22/2008	INTEREST ON CREDIT BALANCE FROM 09/29 THRU 09/30 @ 2.78% BAL 447,776 ABAL 448,048 ABAL 551,193 INTEREST CHARGED FOR 4 DAY(S)		
16	Linchill Offshore Partners	732-40125	September-08	NBDIF	264,141	USD	-51,721,19	DIVIDEND	9/1/2008	INTEREST ON CREDIT BALANCE FROM 09/19 THRU 09/19 @ 2.78% BAL 173,581,610 ABAL 254,347 INTEREST CHARGED FOR 1 DAY(S)
17	Linchill Offshore Inc			USD	9,91	INTEREST	9/22/2008	INTEREST ON CREDIT BALANCE FROM 09/22 THRU 09/22 @ 1.34% BAL 203,862 ABAL 203,862 INTEREST PAID FOR 1 DAY(S)		
18	Linchill Offshore Partners	732-40125	September-08	B01TK12	12,629,26	DIVIDEND	9/24/2008	*** LEHMAN BROTHERS US DOLLAR LIQUIDITY FUND INSTL DIST CL MONTHLY DIVIDENDS		
19	Linchill Offshore Partners	732-40125	September-08	BBBKLTB4	171,350,52	INTEREST	10/1/2008	MAC CAPITAL LTD RMAD .00000001 07/24/2023 0.00000001 7/24/2023 0.00000001 9/27/2023 0.00000001 9/27/2023 0.00000001 10/1/2008 CLASS A3 5.55000% 04/27/2016 126681XAC9		
20	Linchill Offshore Partners	732-40125	September-08	B142BQJ7	126684AC1	INTEREST	8/29/2008	COUNTRYWIDE ASSET-BACKED CTPS SERIES 2006-2N CLASS A3 5.55000% 04/27/2016 126684AC1		
21	Linchill Offshore Partners	732-40125	September-08	126684AC6	126684XAC9	PAYDOWN	8/29/2008	COUNTRYWIDE ASSET-BACKED CTPS SERIES 2006-2N CLASS A3 5.55000% 04/27/2016 126684XAC9		
22	Linchill Offshore Partners	732-40125	September-08	126684XAC9	USD	30,650,05	INTEREST	8/29/2008	COUNTRYWIDE ASSET-BACKED CTPS SERIES 2006-2N CLASS A3 5.55000% 04/27/2016 126684XAC9	
23	Linchill Offshore Partners	732-40125	September-08	126684XAF5	USD	10,311,59	INTEREST	8/29/2008	COUNTRYWIDE ASSET-BACKED CTPS SERIES 2006-2N CLASS A3 5.55000% 04/27/2016 126684XAF5	
24	Linchill Offshore Partners	732-40125	September-08	126684XBT7	USD	27,221,48	INTEREST	8/29/2008	CHEQ HOME EQUITY LNR TR SER 2006-S5 CLASS A3 5.68100% 06/25/2007 126683XBT	
25	Linchill Offshore Partners	732-40125	September-08	126685DW3	USD	10,081,72	INTEREST	8/29/2008	CHEQ HOME EQUITY LNR TR SER 09/01/09 @ 2.81% BAL 435,294 ABAL 942,048 ABAL 40,490 INTEREST CHARGED FOR 2 DAYS(S)	
26	Linchill Offshore Partners	732-40125	September-08	126685DX1	USD	44,781,00	INTEREST	8/29/2008	CHEQ HOME EQUITY LNR TR SER 09/01/09 @ 2.81% BAL 435,294 ABAL 942,048 ABAL 40,490 INTEREST CHARGED FOR 4 DAYS(S)	
27	Linchill Offshore Partners	732-40125	September-08	126685DX9	USD	62,270,47	PAYDOWN	8/29/2008	CHEQ HOME EQUITY LNR TR SER 09/01/09 @ 2.81% BAL 435,294 ABAL 942,048 ABAL 40,490 INTEREST CHARGED FOR 4 DAYS(S)	
28	Linchill Offshore Partners	732-40125	September-08	126685XAAT	USD	3,985,79	INTEREST	9/24/2008	CHEQ HOME EQUITY LNR TRUST MTGCP/SERIES 2006-S7-A1-VAR 6.21-40% 07/25/2007 126685DX1	
29	Linchill Offshore Partners	732-40125	September-08	126685XA9	USD	5,331,42	INTEREST	9/24/2008	CHEQ HOME EQUITY LNR TRUST MTGCP/SERIES 2006-S7-A1-VAR 5.55130% 11/23/2011 126685XA9	
30	Linchill Offshore Partners	732-40125	September-08	126685XA97	USD	32,159,45	INTEREST	8/29/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 5.70000% 10/27/2006 126685XA97	
31	Linchill Offshore Partners	732-40125	September-08	126685XBT7	USD	2,78,56	INTEREST	8/29/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 5.70000% 10/27/2006 126685XA97	
32	Linchill Offshore Partners	732-40125	September-08	126685XBT9	USD	14,663,11	INTEREST	8/29/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 5.70000% 10/27/2006 126685XA97	
33	Linchill Offshore Partners	732-40125	September-08	126685XA99	USD	79,328,39	INTEREST	8/29/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 5.70000% 10/27/2006 126685XA97	
34	Linchill Offshore Partners	732-40125	September-08	126685XA9A	USD	97,270,01	INTEREST	8/29/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 6.19000% 12/25/2007 361861LA97	
35	Linchill Offshore Partners	732-40125	September-08	126685XA9B	USD	17,466,84	INTEREST	8/29/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 6.19000% 12/25/2007 361861LA97	
36	Linchill Offshore Partners	732-40125	September-08	126685XA9C	USD	36,1861LA98	INTEREST	8/29/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 6.19000% 12/25/2007 361861LA98	
37	Linchill Offshore Partners	732-40125	September-08	126685XA9D	USD	80,120,63	PAYOUT	8/29/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 6.19000% 12/25/2007 361861LA98	
38	Linchill Offshore Partners	732-40125	September-08	126685XA9E	USD	8,292,66	INTEREST	9/24/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 6.19000% 12/25/2007 361861LA98	
39	Linchill Offshore Partners	732-40125	September-08	126685XA9F	USD	17,12,00	INTEREST	9/24/2008	CMACM HOME EQUITY LNR TR SERIES 2006-HE3 CLASS A3 6.19000% 12/25/2007 361861LA98	
40	Linchill Offshore Partners	732-40125	September-08	126685XA9G	USD	8,751,49	INTEREST	9/29/2008	CMACM HOME EQUITY LNR TRUST MTGCP/SERIES 2006-HE3 CLASS A3 6.04000% 07/25/2007 361861LA97	
41	Linchill Offshore Partners	732-40125	September-08	126685XA9H	USD	20,046,00	PAYOUT	9/15/2008	CMACM HOME EQUITY LNR TRUST MTGCP/SERIES 2006-HE3 CLASS A3 6.19000% 12/25/2007 361861LA97	
42	Linchill Offshore Partners	732-40125	September-08	126685XA9I	USD	77,399,98	INTEREST	9/31/2008	PHM MORTGAGE TRUST SER 2007-SU1 CLASS TAGS 144A 6.60000% 12/25/2007 693137YA8	
43	Linchill Offshore Partners	732-40125	September-08	126685XA9J	USD	12,921,59	INTEREST	9/29/2008	RESIDENTIAL FDQ INTO SECS II IN SERIES 2006-HSA1 CLASS A3 5.19000% 06/25/2016 126685XA9J	
44	Linchill Offshore Partners	732-40125	September-08	126685XA9K	USD	81,514,13	PAYOUT	9/24/2008	RESIDENTIAL FDQ INTO SECS II IN SERIES 2006-HSA1 CLASS A3 5.19000% 06/25/2016 126685XA9K	
45	Linchill Offshore Partners	732-40125	September-08	126685XA9L	USD	3,163,84	INTEREST	10/10/2008	PSNET INC SENIOR NOTES SER B IN DEFAULT 10/0000% 02/10/2005 74437CA87	
46	Linchill Offshore Partners	732-40125	September-08	126685XA9M	EUR	106,328,33	FULL CALL	10/10/2008	PSNET INC SR NOTE INDEF 10.30000% 12/01/2008 G33365PB0	
47	Linchill Offshore Partners	732-40125	September-08	126685XA9N	USD	27,655,65	DIVIDEND	9/15/2008	PSNET INC SRNTS IN DEF 11.50000% 11/01/2008 74437CA86	
48	Linchill Offshore Partners	732-40125	September-08	126685XA9O	USD	30,560,00	INTEREST	9/30/2008	STANDARD PACIFIC CORP CPT SENIOR SUB NOTES 6.00000% 10/01/2012 43376AA8	
49	Linchill Offshore Partners	732-40125	September-08	126685XA9P	USD	30,713,00	INTEREST	9/30/2008	WOLVERINE TUBE INC SENIOR NOTES SER B 10.50000% 04/01/2009 9/28059AE2	
50	Linchill Offshore Partners	732-40125	September-08	126685XA9Q	USD	2,473,74	INTEREST	10/9/2008	GEAUS LIAISON EASE SECURITY INVESTMENT HASTA SERIES 5.81000% 05/10/2031 70557RA8	
51	Linchill Offshore Partners	732-40125	September-08	126685XA9R	USD	85,733,24	FULL CALL	10/10/2008	PSNET INC SENIOR NOTES SER B IN DEFAULT 10.00000% 02/10/2005 74437CA87	
52	Linchill Offshore Partners	732-40125	September-08	126685XA9S	USD	52,061,50	INTEREST	10/10/2008	PSNET INC SR NOTE INDEF 10.30000% 12/01/2008 G33365PB0	
53	Linchill Offshore Partners	732-40125	September-08	126685XA9T	USD	138,304,69	FULL CALL	10/10/2008	PSNET INC SRNTS IN DEF 11.50000% 11/01/2008 74437CA86	
54	Linchill Offshore Partners	732-40125	September-08	126685XA9U	USD	80,889,31	INTEREST	10/16/2008	CITIC GROUP CO CPT SENIOR SUB NOTES 6.00000% 11/02/2011 125568AE5	
55	Linchill Offshore Partners	732-40125	September-08	126685XA9V	USD	17,730,56	FULL CALL	10/16/2008	CITIC GROUP CO CPT SENIOR SUB NOTES 6.00000% 11/02/2011 125568AE5	
56	Linchill Offshore Partners	732-40125	October-08	504661P025	USD	70,021,03	DIVIDEND	10/14/2008	PORTLAND GENERAL ELECTRIC CONCERN 4.65000% 07/01/2010 125568AB1	
57	Linchill Offshore Partners	732-40125	October-08	70357RAA2	USD	12,414,66	DISTRIBUTION	10/14/2008	ENRON CORP DEBT 0.70000% 12/31/2004 126685DA12	
58	Linchill Offshore Partners	732-40125	October-08	74437CA87	USD	127,684,00	DISTRIBUTION	10/25/2008	ENRON GUANGDONG INT'L TR & INV 144A 6.7500% 1/12/2003 40965SL99	
59	Linchill Offshore Partners	732-40125	October-08	504025A038	USD	52,061,50	INTEREST	10/14/2008	ENRON CORP DEBT 0.67000% 12/31/2004 126685DN3	
60	Linchill Offshore Partners	732-40125	October-08	527397979	USD	74437CA86	PAYOUT	10/14/2008	ENRON CORP DEBT 0.67000% 12/31/2004 126685DN3	
61	Linchill Offshore Partners	732-40125	October-08	12013A93	USD	112,043,743	INTEREST	10/14/2008	CMACM HOME EQUITY LNR TR SERIES 2006-S2-A1-VAR 5.84100% 07/25/2007 361861CA86	
62	Linchill Offshore Partners	732-40125	October-08	527397997	USD	12,386,93	INTEREST	10/14/2008	CMACM HOME EQUITY LNR TR SERIES 2006-S2-A1-VAR 5.84100% 07/25/2007 361861CA86	
63	Linchill Offshore Partners	732-40125	October-08	125368A035	USD	134,320,80	INTEREST	10/16/2008	CMACM HOME EQUITY LNR TR SERIES 2006-S2-A1-VAR 5.84100% 07/25/2007 361861CA86	
64	Linchill Offshore Partners	732-40125	October-08	527397997	USD	12,187,50	INTEREST	10/16/2008	CMACM HOME EQUITY LNR TR SERIES 2006-S2-A1-VAR 5.84100% 07/25/2007 361861CA86	
65	Linchill Offshore Partners	732-40125	October-08	125368A035	USD	109,11,58	INTEREST	9/30/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 12/25/2007 361861CA86	
66	Linchill Offshore Partners	732-40125	October-08	527397997	USD	72,21,46	INTEREST	9/30/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 12/25/2007 361861CA86	
67	Linchill Offshore Partners	732-40125	October-08	125368A035	USD	10,081,71	INTEREST	9/30/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 12/25/2007 361861CA86	
68	Linchill Offshore Partners	732-40125	October-08	527397997	USD	44,781,00	INTEREST	10/14/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 07/25/2007 361861CA86	
69	Linchill Offshore Partners	732-40125	October-08	125368A035	USD	13,778,18	INTEREST	9/30/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 12/25/2007 361861CA86	
70	Linchill Offshore Partners	732-40125	October-08	527397997	USD	79,28,44	INTEREST	9/30/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 12/25/2007 361861CA86	
71	Linchill Offshore Partners	732-40125	October-08	125368A035	USD	91,720,06	INTEREST	9/30/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 12/25/2007 361861CA86	
72	Linchill Offshore Partners	732-40125	October-08	527397997	USD	17,96,88	INTEREST	9/30/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 12/25/2007 361861CA86	
73	Linchill Offshore Partners	732-40125	October-08	125368A035	USD	17,12,00	INTEREST	9/30/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 07/25/2007 361861CA86	
74	Linchill Offshore Partners	732-40125	October-08	527397997	USD	8,731,50	INTEREST	9/30/2008	CMACM HOME EQUITY LNR TR SERIES 2007-HE3 CLASS A3 6.05400% 10/25/2007 361861CA86	

EXHIBIT D FOR STONEHILL OFFSHORE PARTNERS

Lender	Offshore Partners	Loan ID	Issue Date	Series	Amount	Interest Rate	Maturity Date	Notes
Onechill Offshore Partners	732-40125	October-08	\$BCULLCO	6933TYAEA	USD	791,847.10	PAYOUT	9/30/2008 PHH MORTGAGE TRUST SER 2007-SL CLASS TAGS 1-144A 6.600000% 12/25/2027 6933TYAEA
Onechill Offshore Partners	732-40125	October-08	\$BCULLCO	6933TYABA	USD	76,394.21	INTEREST	9/30/2008 PHH MORTGAGE TRUST SER 2007-SL CLASS TAGS 1-144A 6.600000% 12/25/2027 6933TYABA
Onechill Offshore Partners	732-40125	October-08	\$106641	7611DVTDO	USD	12,924.24	INTEREST	10/27/2008 RESIDENTIAL FDG MTG TO SEC'S 11 IN SERIES 2006-HSA CLASS A-2 5.190000% 02/27/2036 7611DVTDO
Onechill Offshore Partners	732-40125	October-08	\$BNNND6	5526AAN1	USD	107,739.58	INTEREST	10/27/2008 RESIDENTIAL FDG MTG TO SEC'S 11 IN SERIES 2006-HSA CLASS A-2 5.190000% 02/27/2036 7611DVTDO
Onechill Offshore Partners	732-40125	October-08	DAL	DAL	USD	6,633	CASH IN LIEU	10/31/2008 DELTA AIR LINES INC DEL COM NEW COUNTRYWIDE ASSET BY CERT SERIES 2006-2N CLASS A3 5.650000% 05/25/2034 12664AC3
Onechill Offshore Partners	732-40125	October-08	\$14664AC3	12664AC3	USD	19,194.77	INTEREST	10/31/2008 COUNTRYWIDE ASSET BY CERT SERIES 2006-2N CLASS A3 5.650000% 05/25/2034 12664AC3
Onechill Offshore Partners	732-40125	November-08	\$596167	XSD202003820	GBP	125,142.40	INTEREST	10/31/2008 LUFTER HOLDINGS PLC 11.81100% 02/06/2012 5469IWA0
Onechill Offshore Partners	732-40125	November-08	\$442794	1923TYADS	GBP	32,185.31	INTEREST	11/16/2008 ENRON CREDIT LINKED NOTES TR STERLING'S CREDIT LINKED NOTE 7.25000% 05/24/2006 2935TYADS
Onechill Offshore Partners	732-40125	November-08	\$442194	2935TYADS	GBP	1,621.10	DISTRIBUTION	11/16/2008 ENRON CREDIT LINKED NOTES TR STERLING'S CREDIT LINKED NOTE 7.25000% 05/24/2006 2935TYADS
Onechill Offshore Partners	732-40125	November-08	\$341424	UJ260A0D0	EUR	15,911.70	INTEREST	11/14/2008 CITI GROUP INC MEDIUM TERM NOTE 5.3050% 5/3/2009 U1260A0D0
Onechill Offshore Partners	732-40125	November-08	\$446109	U29101AH6	USD	10,994.14	REDEMPTION	10/26/2008 ENRON CORP 7.70000% 12/31/2049 U79101AH6
Onechill Offshore Partners	732-40125	November-08	\$271017	XSD109329771	USD	45,374.94	PAYOUT	10/9/2008 PSINET INC EURO SERIES 10.50000% 12/6/2006
Onechill Offshore Partners	732-40125	November-08	\$233609	6933TYADS	USD	3,540.90	PAYOUT	10/9/2008 PSINET INC SER EUR SR NOTES "IN DEFAULT" 11.00000% 08/7/2009 6933TYAD9
Onechill Offshore Partners	732-40125	November-08	\$5806719	CA310647BBM01	CAD	164,765.11	INTEREST	11/17/2008 GENERAL MOTORS ACCEPTANCE CORP OF CANADA LTD 4.72143% 05/22/2009 370472EBM0
Onechill Offshore Partners	732-40125	December-08	\$2459219	76113BAF6	USD	490,649.38	INTEREST	12/29/2008 RESIDENTIAL CAP CORP NT 6.375% 10.375% 06/30/2010 76113BAF6
Onechill Offshore Partners	732-40125	December-08	\$259929	76113BAF6	USD	912,118.64	TENDER PAYMENT	12/31/2008 RESIDENTIAL CAP CORP NT 6.375% 10.375% 06/30/2010 76113BAF6
Onechill Offshore Partners	732-40125	December-08	\$BDHSQ5	8543IA1M0	USD	731,256.48	DISTRIBUTION	12/22/2008 VICTORIA STANFIELD LTD MEDIUM TERM NOTE 144A 1C17% 07/25/2008 8543IA1M0
Onechill Offshore Partners	732-40125	December-08	\$214454	U1260A0B4	GBP	27,087.30	INTEREST	12/17/2008 CITI GROUP INC EURO MEDIUM TERM NOTE RMD 5.0 12/17/2008
Onechill Offshore Partners	732-40125	December-08	\$515750	XSD202220264	GBP	240,625.00	INTEREST	12/17/2008 CITI GROUP INC EURO MEDIUM TERM NOTE RMD 6.25 12/15/2008
Onechill Offshore Partners	732-40125	December-08	\$214345	UJ260A0B4	GBP	945,000.00	MATURITY	12/15/2008 CITI GROUP INC EURO MEDIUM TERM NOTE RMD 5.0 12/15/2008
Onechill Offshore Partners	732-40125	December-08	\$515750	XSD202220264	GBP	3,850,000.00	MATURITY	12/15/2008 CITI GROUP INC EURO MEDIUM TERM NOTE RMD 6.25 12/15/2008
Onechill Offshore Partners	732-40125	December-08	\$BCSLL0	XSD294277396	USD	178,006.78	DISTRIBUTION	12/21/2008 VICTORIA STANFIELD EURO MEDIUM TERM NOTE 4.833% 03/28/2008 68439CANC0
Onechill Offshore Partners	732-40125	January-09	\$BDHSQ5	8543IA1M0	USD	39,814.40	DISTRIBUTION	1/6/2009 VICTORIA STANFIELD EURO MEDIUM TERM NOTE 4.833% 03/28/2008 68439CANC0
Onechill Offshore Partners	732-40125	October-08	\$338455	4006519A1	USD	113,174.45	DISTRIBUTION	10/22/2008 ESCROW GUANGDONG INT'L MEDIUM TERM NOTE 144A-INT'L 144A-JN DEFAULT 6.35% 11/15/2020 4006519A1

**SO EXHIBIT E**  
**STONEHILL OFFSHORE PARTNERS LTD**  
**WIRES ON PRIVATE INSTRUMENTS THAT WERE MISDIRECTED TO LBI**

ACCOUNT	CURRENCY	AMOUNT	DATE	DESCRIPTION
732-40125	EUR	262.34	9/10/2008	Unipoly wire from Deutsche Bank
732-40125	GBP	25,011.80	9/10/2008	Unipoly wire from Deutsche Bank
732-40125	USD	34,283.33	11/28/2008	Murray Energy wire from Goldman Sachs
732-40125	USD	378,776.44	11/28/2008	Murray Energy wire from Goldman Sachs
732-40125	USD	14,188.01	12/31/2008	Entegra 2nd Lien wire from Lehman CP

		CURRENT		
		EXCH		
		RATE		
TOTAL	EUR	262.34	1.35	353.37
TOTAL	GBP	25,011.80	1.52	37,917.89
TOTAL	USD	427,247.78	1.00	<u>427,247.78</u>
TOTAL	AS CONVERTED			465,519.04 a)

a) Note: Currencies are converted to USD only for the purpose of tallying a rough dollar amount due. Stonehill is not aware of the LBI estate's policies regarding converting foreign wires, the date used for conversion, or whether foreign wires will be delivered in original currency.

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BMR56 CLIENT 012		MARGIN ACTIVITY STATEMENTS		09/19/08		PAGE 93829	
732-41222 AR: HBI STONEHILL OFFSHORE P		CURR-CODE: 000					
- - - - - BALANCES		OPEN T/D BAL		CLOSE S/D BAL		MARKET VALUE	
TC	OPEN T/D BAL	00.00	CLOSE T/D BAL	00.00	00.00	5,500,000	PLA 09/18/08
12	- - - - - ACTIVITY FOR THIS ACCOUNT	- - - - - POSITIONS	- - - - - LONG/SMART(-)	SECURITY DESCRIPTION	CUSIP/SEC	PRICE	MARGIN REQUIREMENT
TC LDA	12 091800	5,500,000.0000	MMLEHMAN BROTHERS US DOLLAR LIQUIDITY FUND INSTL DIST CL	G5460B126G A0003561	1.00000H	5,500,000	5,500,000
- - - - - TOTALS		5,500,000 OLD SMA	5,500,000 LIQ EQT	5,500,000 EQY %	SMA	0	SMA CHANGE
TOT MN	EQUITY	5,500,000	0	0	0	0	NEW HSE CALL
CSH AV		0	BUYING P	0	0	0	NYSE QTT REQ

LEHMAN BROTHERS

For the period 08/30/2008 to 09/30/2008

STONEHILL OFFSHORE  
PARTNERSHIP LTD  
C/O CITICO FUND SERVICES

SO Exhibit F page 2 of 2

Base Currency : USD  
Account Number : 732-40125-H81

**Monthly Activity**

(Continued)

<b>MOVEMENTS OF FUNDS</b>	<b>Settlement Date</b>	<b>Transaction</b>	<b>Description</b>	<b>Amount</b>
	09/16/2008	PAID BY WIRE	WIRE PAYMENT TD 09/12/08 SD	( 188,000,000.00 )
	09/18/2008		INWIRE RF#0311699 0008 INES(02) NORTHWEST AIRLINES 6 CITIUS33	204,909.09
	09/16/2008	PAID BY WIRE	WIRE PAYMENT TD 09/16/08 SD	( 5,000,000.00 )
	09/16/2008		TFR TO ACCT 732-41222-2	( 2,018,932.38 )
	09/17/2008		TFR TO ACCT 732-41222-1	( 5,500,000.00 )
	09/17/2008		REF # 9N44323	919,994.61
	09/18/2008		INWIRE RF#0352200 0008 INES(02) NORTHWEST AIRLINES 6 CITIUS33	26,290.98
	09/18/2008		TFR FROM ACCT 732-41222-1	3,565,571.55
	09/19/2008		INWIRE RF#0919BB7HJ2R008975 026009593 PART NERS LTD FFC A/C 732-401 WCI COMMUNITIES, INC	31,807.57
			<b>TOTAL NET MOVEMENTS OF FUNDS / USD</b>	<b>( 172,269,540.62 )</b>
			<b>GBP</b>	
			09/08/2008	( 103,624.20 )
			09/18/2008	25,038.00
			<b>TOTAL NET MOVEMENTS OF FUNDS / GBP</b>	<b>( 78,586.20 )</b>
			<b>EUR</b>	

For the period 08/01/2008 to 08/29/2008

STONEHILL OFFSHORE  
PARTNERSHIP LTD  
C/O CITICO FUND SERVICESBase Currency : USD  
Account Number : 732-40125 H81

## Monthly Activity

(Continued)

PURCHASES & SALES	Settlement Date	Transaction	Quantity	Description	Price	Amount
	08/12/2008	BOUGHT	14,950	ACACIA RESEARCH - ACACIA TECHNOLOGIES UNSOLICITED TMS0870770870176160TMS PLUS 448.50 COMM CHARGED BY LEHM	4,1589	( 62,824.08 )
	08/12/2008	SOLD	240,534	***BARRATT DEVELOPMENTS PLC AVERAGE PRICE UNSOLICITED TMS-REF200808110136535 TMS0871120870138555TMS 288,029.83 GBP TOTAL AS OF 08/07/08	2,3308	580,074.19
	08/12/2008	BOUGHT	2,000,000	***MAC FUNDING LTD PRIN PROTECTED SEC'S ACCREDITED INVS UNSOLICITED TMS0871170870044482TMS PLUS 0.00 COMM CHARGED BY CHSE	.3275	( 655,000.00 )
	08/12/2008	SOLD	6,300	PGT INC UNSOLICITED TMS0870770870182504TMS LESS 262.00 COMM 0.19 FEE CHARGED BY MOUN	5.1960	32,482.61
	08/12/2008	SOLD	27,500	ROSETTA RESOURCES INC UNSOLICITED TMS0870770870182500TMS LESS 825.00 COMM 3.50 FEE CHARGED BY GSCO	22.7217	624,018.25
	08/12/2008	BOUGHT	8,385	***ZARLINK SEMICONDUCTOR INC UNSOLICITED	.7168	( 6,260.99 )

**LEHMAN BROTHERS INC**  
TRADE CONFIRMATION

To: Stonehill Institutional Partners, L.P.  
Contact: Steve Nelson  
Tel No.: 212-739-7470  
Fax No.: 212-838-2291  
Email: [snelson@stonehillcap.com](mailto:snelson@stonehillcap.com)

From: Lehman Brothers Inc.  
Contact: Denise Rossell  
Tel No.: 212-526-1490  
Fax No.: 646-758-4993  
Email: [drrossell@lehman.com](mailto:drrossell@lehman.com)

Trade Confirmations: Jessica Markowitz  
Tel. No.: 212-526-1490  
Fax No.: 646-758-4993  
Email: [Jessica.markowitz@lehman.com](mailto:Jessica.markowitz@lehman.com)

We are pleased to confirm the following transaction (the "Transaction"):

Trade Date: March 27, 2008  
Seller: Stonehill Institutional Partners, L.P., as Principal  
Buyer: Lehman Brothers Inc., as Principal  
Issuer: US Power Generating Company  
Quantity: 6,400 Class A Shares issued under Certificate of Incorporation (as amended or amended and restated from time to time, the "Certificate of Incorporation") of US Power Generating Company, a Delaware corporation  
Purchase Price: \$28.00 per Unit

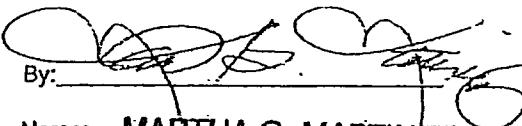
Other terms:

1. Buyer and Seller agree that the Transaction shall be subject to the transfer requirements set forth in the Certificate of Incorporation; it being understood and agreed that Buyer shall cooperate in all reasonable respects with Seller to cause the Transaction to satisfy such requirements;
2. Buyer and Seller agree to execute and deliver any necessary documentation required pursuant the Certificate of Incorporation (the "Certificate") or by counsel to the Issuer (including, without limitation, in the case of Buyer, a Rule 144A Certificate, Regulatory Certificate and if applicable, a Confidentiality Agreement and, in the case of both parties, a NASD Transfer Form and Letter Agreement with respect to Section 1(b)(i) of Article Five of the Certificate), in order to effect the Transaction.
3. All dividends, payments or any other distributions made on or after the Trade Date are for the Buyer's account.

Please provide the signature of a duly authorized signatory where indicated below and return this letter to the attention of **Jessica Markowitz** at the following e-mail address: [Jessica.markowitz@lehman.com](mailto:Jessica.markowitz@lehman.com).

If you have any questions, please contact **Jessica Markowitz** at 212-526-7598.

LEHMAN BROTHERS INC.

By: 

Name: MARTHA G. MARTINEZ  
Title: AUTHORIZED SIGNATORY

Date: \_\_\_\_\_

Stonehill Institutional Partners, L.P.

By: 

Name: Steven D. Nelson  
Title: CFO  
Date: 4/3/08

# LEHMAN BROTHERS INC

TRADE CONFIRMATION

To: Stonehill Offshore Partners Limited  
Contact: Steve Nelson  
Tel No.: 212-739-7470  
Fax No.: 212-838-2291  
Email: [snelson@stonehillcap.com](mailto:snelson@stonehillcap.com)

From: Lehman Brothers Inc.  
Contact: Denise Rosselli  
Tel No.: 212-526-1490  
Fax No.: 646-758-4993  
Email: [drossell@lehman.com](mailto:drossell@lehman.com)

Trade Confirmations: Jessica Markowitz  
Tel. No.: 212-526-1490  
Fax No.: 646-758-4993  
Email: [Jessica.markowitz@lehman.com](mailto:Jessica.markowitz@lehman.com)

We are pleased to confirm the following transaction (the "Transaction"):

Trade Date: March 27, 2008  
Seller: Stonehill Offshore Partners Limited, as Principal  
Buyer: Lehman Brothers Inc., as Principal  
Issuer: US Power Generating Company  
Quantity: 8,730 Class A Shares issued under Certificate of Incorporation (as amended or amended and restated from time to time, the "Certificate of Incorporation") of US Power Generating Company, a Delaware corporation  
Purchase Price: \$28.00 per Unit

Other terms:

1. Buyer and Seller agree that the Transaction shall be subject to the transfer requirements set forth in the Certificate of Incorporation; it being understood and agreed that Buyer shall cooperate in all reasonable respects with Seller to cause the Transaction to satisfy such requirements;
2. Buyer and Seller agree to execute and deliver any necessary documentation required pursuant the Certificate of Incorporation (the "Certificate") or by counsel to the Issuer (including, without limitation, in the case of Buyer, a Rule 144A Certificate, Regulatory Certificate and if applicable, a Confidentiality Agreement and, in the case of both parties, a NASD Transfer Form and Letter Agreement with respect to Section 1(b)(l) of Article Five of the Certificate), in order to effect the Transaction.
3. All dividends, payments or any other distributions made on or after the Trade Date are for the Buyer's account.

Please provide the signature of a duly authorized signatory where indicated below and return this letter to the attention of **Jessica Markowitz** at the following e-mail address: [Jessica.markowitz@lehman.com](mailto:Jessica.markowitz@lehman.com).

If you have any questions, please contact **Jessica Markowitz** at 212-526-7598.

page 4 of 4

2

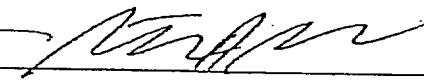
LEHMAN BROTHERS INC.

By: 

Name: MARTHA G. MARTINEZ  
Title: AUTHORIZED SIGNATORY

Date: \_\_\_\_\_

Stonehill Offshore Partners Limited

By: 

Name: Steven D. Nelson  
Title: CFO  
Date: 4/2/08

SD Exhibit H(b)

7

EquityMSG

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Page 1 / 2

From: •JAY COYLE (MERRILL LYNCH/NY,WFC)

Subject: PROJECT ENERGY BANK DEBT -

No Attachments



FIRST DAY AT BANK OF AMERICA

Cell: (917)699-9191

ENERGY PROJECT BANK DEBT

ANP TL A	92	- 94	3x3	LA PALOMA 1ST	71	- 73 $\frac{1}{2}$	3x
ANP TL B	89	- 91	3x3	LA PALOMA 2ND	59	- 63	2x2
BOSTON GEN 1ST	62 $\frac{1}{4}$	- 64 $\frac{1}{4}$	5x3	LIBERTY ELEC 1ST	75	- 80	
BOSTON GEN 2ND	26 $\frac{1}{2}$	- 31 $\frac{1}{2}$	2x2	LIBERTY ELEC MEZZ	50	- 55	
BOSTON GEN MEZZ	7	- 12	2x2	LONGVIEW STRIP	70	- 72	P/B
US POWER EQUITY	6.00	- 7.50	50kx75k	MACHGEN 2ND	60	- 62	3x3
BOSQUE TERM	65	- 70	3x	MACHGEN UNITS	90	- 130	5kx5k
ENTEGRA 2ND LIEN	71	- 72 $\frac{1}{2}$	3x3	TENASKA 1ST	88	- 90	
ENTEGRA 3RD LIEN	33	- 35	3x3	TENASKA 2NDS	62	- 65	2x2
ENTEGRA EQUITY	3.00	- 4.00	75x75	ASTORIA 1ST	84 $\frac{1}{2}$	- 86	
KELSON 1ST	78	- 81	3x2	ASTORIA 2NDS	71	- 74	P/S
KELSON 2ND	47 $\frac{1}{2}$	- 51 $\frac{1}{2}$	5x5				
KELSON MEZZ	27	- 37					

**Unsettled Zarlink Trades**

8/15/2008	Total Qty	Off	SI		Total Cost	Off	SI
Original trade	55,000	25,300	29,700		41,402.00	19,045.00	22,357.00
Unsettled	14,000	6,440	7,560		10,539	4,847.82	5,690.87
	25.45%				25.45%		
Corrected	41,000	18,860	22,140		30,863	14,197.18	16,666.13
<b>8/20/2008</b>							
Original trade	60,500	27,830	32,670		46,029	21,173.00	24,856.00
Unsettled	45,500	20,930	24,570		34,617	15,923.50	18,693.36
	75.21%				75.21%		
Corrected	15,000	6,900	8,100		11,412	5,249.50	6,162.64
Pre-adj	7,654,640	5,490,156	2,164,484		5,663,502.66	3,974,221.71	1,689,280.95
Adjustments		(27,370)	(32,130)			(20,771.31)	(24,384.23)
New	7,595,140	5,462,786	2,132,354		5,618,347.12	3,953,450.40	1,664,896.72
Cash Adj on unsettled	CAD	↓		Rate	USD		
8/15/2008	11,193.00	5,148.78	6,044.22	0.94154			
8/20/2008	36,818.60	16,936.56	19,882.04	0.94020			
Claim on Exhibit I	48,011.60	22,085.34	25,926.26				
CUSIP # 989139100							

Stonehill Offshore Exhibit I

FX Forward Adj  
9/19/2008

FX	Due Date	Offshore Qty	Cost	Price	FMV	Unrealized
CAD	5/26/09	(6,650,000)	(6,443,798.45)	0.9510046	(6,324,180.74)	119,617.71
CAD	5/26/09	(5,520,000)	(5,374,616.62)	0.9510048	(5,249,545.51)	125,071.11
CHF	12/29/08	(19,000,000)	(18,399,264.03)	0.9103138	(17,295,962.04)	1,103,301.99
Euro	12/29/08	(14,000,000)	(21,220,080.00)	1.4439997	(20,215,995.80)	1,004,084.20
Euro	6/24/09	(6,695,500)	(10,287,635.75)	1.4326946	(9,592,606.69)	695,029.06
GBP	9/22/08	(4,100,000)	(8,099,550.00)	1.8357450	(7,526,554.50)	572,995.50
GBP	12/22/08	(9,000,000)	(17,747,100.00)	1.8262393	(16,436,153.70)	1,310,946.30
GBP	3/26/09	(9,000,000)	(17,362,800.00)	1.8152082	(16,336,873.80)	1,025,926.20
GBP	6/24/09	(1,500,000)	(2,888,175.00)	1.8061452	(2,709,217.80)	178,957.20
		(107,823,019.85)		(101,687,090.59)		6,135,929.26
<b>TOTAL</b>						<b>6,135,929.26</b>

Page 2 of 3

LEHMAN BROTHERS INC  
745 7TH AVE  
NY 10019

**FUTURES/FOREIGN EXCHANGE  
CONFIRMATION**

STONEHILL OFFSHORE PART LTD  
C/O CITCO FD SERVICES  
PO BOX 31106 SMB  
GRAND CAYMAN  
CAYMAN ISLANDS

SEP 22, 2008	
IR NUMBER	ACCOUNT
099	23040125
Page 2	

US NON-SEGREGATED ACCOUNT

- - - - - F O R E I G N E X C H A N G E O P E N P O S I T I O N S - - - - -

Date	B/S	Base Currency	Maturity	Currency Pair	Counter Amount	Rate	Net Present Value
					Total FX Long Option value		OCR* USD
					Total FX Short Option Value		OCR* USD
					Net FX Option Value		OCR* USD

Curr	Notional	USD Equivalent	Delta Notional	Delta USD Equiv
EUR	20,695,500.00DB	29,808,602.49DB	20,695,500.00DB	29,808,602.49DB
GBP	19,500,000.00DB	35,482,245.30DB	19,500,000.00DB	35,482,245.30DB
CAD	12,170,000.00DB	11,573,726.25DB	12,170,000.00DB	11,573,726.25DB
CHF	19,000,000.00DB	17,295,962.04DB	19,000,000.00DB	17,295,962.04DB
Sum of the Absolute Values:		94,160,536.08		94,160,536.08

- - - - - M A R G I N R E Q U I R E M E N T S U M M A R Y - - - - -

Margin Requirement	Initial	Equity	Margin
		Excess/Deficit	Call/Excess
GBP	OCR	4,100,000.00DB	4,100,000.00DB
JPY	CR	CR	CR
USD	4,642,874.10DB	8,099,550.00CR	3,456,675.90CR

Total Value in Base Currency

JSD	4,642,874.10DB	572,995.50CR	4,069,878.60DB
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- - - - - A C C O U N T V A L U E S U M M A R Y - - - - -

Account Balance	Unrealized G/L on Futures	Net Present Value on Forwards	Net Option Value	Collateral Market Value	Net Liquidating Value
GBP	4,100,000.00DB	OCR	OCR	OCR	4,100,000.00DB
JPY	CR	CR	CR	CR	CR
USD	8,099,550.00CR	OCR	5,489,298.79CR	OCR	13,588,848.79CR

Total Value in Base Currency

JSD	572,995.50CR	OCR	5,489,298.79CR	OCR	OCR	6,062,294.29CR
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----- CURRENCY CONVERSION RATES -----

Base Currency - USD

POUND STG	GBP	1.8357450
J YEN	JPY	107.0700000

LEHMAN BROTHERS INC  
745 7TH AVE  
NY 10019

**FUTURES/FOREIGN EXCHANGE  
CONFIRMATION**

STONEHILL OFFSHORE PART LTD  
C/O CITCO FD SERVICES  
PO BOX 31106 SMB  
GRAND CAYMAN  
CAYMAN ISLANDS

SEP 22, 2008	
IR NUMBER	ACCOUNT
099	23040125
Page 1	

US NON-SEGREGATED ACCOUNT

- - - - OPENING ACCOUNT BALANCES - - - -

POUND STG	0CR
J YEN	CR
US DOLLAR	0CR

- - - - FOREIGN EXCHANGE SETTLEMENTS - - - -

Date B/S	Base Currency	Maturity	Currency Pair	Counter Amount	Rate	Net Present Value
----------	---------------	----------	---------------	----------------	------	-------------------

The settlement amounts shown below are reflected in the closing cash balance for each currency.

9/19/07 S	4,100,000.00DB	22SEP08 GBP/USD	8,099,550.00CR	TYPE 1.9755000
-----------	----------------	-----------------	----------------	----------------

- - - - CLOSING ACCOUNT BALANCES - - - -

POUND STG	4,100,000.00DB*
J YEN	CR*
US DOLLAR	8,099,550.00CR*

- - - - FOREIGN EXCHANGE OPEN POSITIONS - - - -

Date B/S	Base Currency	Maturity	Currency Pair	Counter Amount	Rate	Net Present Value
----------	---------------	----------	---------------	----------------	------	-------------------

3/24/08 S	14,000,000.00DB	29DEC08	EUR/USD	21,220,080.00CR	TYPE 1.5157200	995,341.86CR USD
				Net Present Value		995,341.86CR* USD
				Undiscounted MTM	1.4439997	1004,084.20CR* USD
6/20/08 S	6,695,500.00DB	24JUN09	EUR/USD	10,287,635.75CR	TYPE 1.5365000	678,014.44CR USD
				Net Present Value		678,014.44CR* USD
				Undiscounted MTM	1.4326946	695,029.06CR* USD
2/19/07 S	9,000,000.00DB	22DEC08	GBP/USD	17,747,100.00CR	TYPE 1.9719000	1,300,395.52CR USD
				Net Present Value		1,300,395.52CR* USD
3/24/08 S	9,000,000.00DB	26MAR09	GBP/USD	17,362,800.00CR	TYPE 1.9292000	1,008,044.36CR USD
				Net Present Value		1,008,044.36CR* USD
6/20/08 S	1,500,000.00DB	24JUN09	GBP/USD	2,888,175.00CR	TYPE 1.9254500	174,576.24CR USD
				Net Present Value		174,576.24CR* USD
4/10/08 B 3/31/08 B et	5,374,616.62CR 6,443,798.45CR 11,818,415.07CR*	26MAY09	USD/CAD	5,520,000.00DB	TYPE 1.0270500	178,957.20CR* USD
				Undiscounted MTM	1.0320000	122,281.17CR USD
				12,170,000.00DB*		116,949.42CR USD
				Net Present Value		239,230.59CR* USD
				Undiscounted MTM	1.0515196	257,295.09CR* CAD
				Undiscounted MTM In Base		244,688.82CR* USD
5/20/08 B	18,399,264.03CR	29DEC08	USD/CHF	19,000,000.00DB	TYPE 1.0326500	1,093,695.78CR USD
				Net Present Value		1,093,695.78CR* USD
				Undiscounted MTM	1.0985223	1212,001.84CR* CHF
				Undiscounted MTM In Base		1103,301.99CR* USD
				Total FX Forward NPV		5,489,298.79CR* USD
				Total FX Undiscounted MTM		5,562,933.77CR* USD

- - - - CONTINUED ON NEXT PAGE - - - -

## LSTA PAR/NEAR PAR TRADE CONFIRMATION

**To:** *Kelts LLC*  
**Attention:** *William Pool*  
**Phone No.:** *(203)618-2779*  
**Fax No.:** *(203)422-4599*  
**Email:** *harry.pool@rbsgc.com*

**From:** *Stonehill Offshore Partners Limited*  
**Attention:** *Ann Mauro*  
**Phone No.:** *212-739-7474*  
**Fax No.:** *212-838-2291*  
**Email:** *amauro@stonehill.nb.com*

**Date:** *08/13/2008*

We are pleased to confirm the following transaction, subject to the Standard Terms and Conditions for Par/Near Par Trade Confirmations (the "Standard Terms and Conditions") published by The Loan Syndications and Trading Association, Inc.® (the "LSTA") as of December 1, 2006, which Standard Terms and Conditions are incorporated herein by reference without any modification whatsoever except as otherwise agreed herein by the parties and specifically set forth in the "Trade Specific Other Terms of Trade" section below. The parties hereto agree to submit any dispute as to the reasonableness of a buy-in or sell-out price to binding arbitration in accordance with the LSTA "Rules Governing Arbitration Between Loan Traders With Regard to Failed Trades" in existence on the Trade Date, and to comply with any award or decision issued in connection with such an arbitration proceeding. Capitalized terms used and not defined in this Confirmation have the respective meanings ascribed thereto in the Standard Terms and Conditions.

**Trade Date:** *08/01/2008*

**Seller:** *Stonehill Offshore Partners Limited*  Principal  Agent

**Buyer:** *Kelts LLC*  Principal  Agent

**Credit Agreement:** *CREDIT AGREEMENT dated as of December 21, 2006 among EBG HOLDINGS LLC, the Lenders from time to time party thereto, and CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as administrative agent*

**Borrower:** *EBG HOLDINGS LLC*

**Form of Purchase:** *Assignment*

Purchase Amount/ Type of Debt:	Purchase Amount	Type of Debt	Facility	CUSIP Number
	USD 2,000,000.00	Term	Loan	

565561001

Purchase Rate: 89.500% Loan

Up Front Fees: Loan None  
(if any):

Credit Documentation No  
to be provided:

Trade Specific Recordation Fee is split and no more than one full fee.  
Other Terms of Trade:

Please provide the signature of a duly authorized officer or other signatory where indicated below and return this letter to the attention of Chris Bleakley at ClearPar at the following fax number (646)453-2870 or email address: christopher.bleakley@fnis.com

If you have any questions, please contact Chris Bleakley at (845)639-4890.

**Stonehill Offshore Partners Limited**

By: Stonehill Advisers LLC

By:



Name: Steven Nelson  
Title:

Kelts LLC

By: The Royal Bank of Scotland plc, as sole member

By: Greenwich Capital Markets, Inc., its agent

By:



Name: Karen Brewer  
Title:

Date: August 26, 2008

Status: Effective

To: Kelts LLC as Buyer  
 Attn: William Pool  
 Phone: (203)618-2779  
 Fax: (203)422-4599

From: Stonehill Offshore Partners Limited as Seller  
 Attn: Ann Mauro  
 Phone: 212-739-7474  
 Fax: 212-838-2291

Trade Date: August 1, 2008  
 Credit Agreement: BOSTON GENERATING EBG Mezz (12/06)

Facility: Loan  
 Global Commitment: USD 359,219,921.50  
 Sale Amount: USD 2,000,000.00  
 Percentage of Total: 0.5567619946%

Loans outstanding under facility as of August 26, 2008 (Effective Date)

Pricing Option:	Cur:	Global Amount of Loan:	Buyer's Share of Loan:	Start Date:	Repricing Date:	Base Rate:	Margin:	RAC Rate:	All In Rate:	Exchange Rate:
LIBOR	USD	359,219,921.50	2,000,000.00	Jun 30, 2008	Sep 30, 2008	2.800630	7.000000	0.000000	9.800630	

#### Funding Memorandum Payment Details

On Aug 26, 2008 Buyer will remit to Seller USD 1,788,283.65 calculated as follows:

1,790,000.00 USD (89.5000% x Buyer's share of outstanding loans under the Loan Facility)  
 (Seller will remit full Assignment fee 0.00 USD to the Agent - Not included in remittance amount above)  
 (1,716.35 USD) (Other Fee - Cost of Carry on Aug 26, 2008)

**Seller's Payment Instructions:**

Bank: Chase Manhattan (NYC)  
 ABA #: 021-000-021  
 Account #: 140 094 221  
 Account Name: Lehman Brothers  
 FFC: Stonehill Offshore Partners Limited #: 732-40125  
 Attention: Dmitriy Kovalev  
 Reference: BOSTON GENERATING EBG Mezz (12/06)

Reference Number:

Seller and Buyer hereby agree that payment will be made as calculated above on the Settlement Date.

STONEHILL OFFSHORE PARTNERS LIMITED

By: Stonahill Advisers LLC

KELTS LLC

By: Tha Royal Bank of Scotland plc, as sole member

By: Greenwich Capital

Markets, Inc., its agent

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title:

## ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between Stonehill Offshore Partners Limited (the "Assignor") and Kelts LLC (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: Stonehill Offshore Partners Limited
2. Assignee: Kelts LLC
3. Borrower(s): EBG Holdings LLC
4. Administrative Agent: Credit Suisse, Cayman Islands Branch, as the administrative agent under the Credit Agreement
5. Credit Agreement: The Credit Agreement dated as of December 21, 2006 among the Borrower, the Guarantors, the Lenders and certain other lender parties party thereto, the Administrative Agent, CREDIT SUISSE SECURITIES (USA) LLC and GOLDMAN SACHS CREDIT PARTNERS L.P., as Co-Syndication Agents, CREDIT SUISSE SECURITIES (USA) LLC and GOLDMAN SACHS CREDIT PARTNERS L.P., as Co-Documentation Agents, and CREDIT SUISSE SECURITIES (USA) LLC and GOLDMAN SACHS CREDIT PARTNERS L.P., as Joint Lead Arrangers and Joint Book Running Managers.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans
Loan	USD 359,219,921.50	USD 2,000,000.00	0.556761995%

Effective Date: August 26, 2008

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more Credit Contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower, the other Loan Parties and their Affiliates or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

page 4 of 7

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

**STONEHILL OFFSHORE PARTNERS LIMITED, as  
Assignor**

By: Stonehill Advisers LLC

By: 

Name: Steven Nelson

Title:

ASSIGNEE

**KELTS LLC, as Assignee**

By: The Royal Bank of Scotland plc, as sole member

By:

Greenwich Capital Markets, Inc., its agent

By: 

Name: Karen Brewer

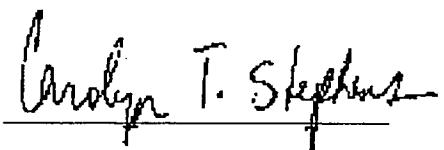
Title:

page 5 of 7

Consented to and Accepted:

**CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as Administrative  
Agent**

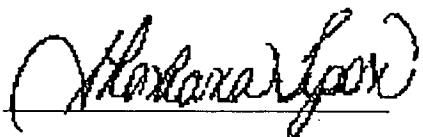
By:



Name: Carolyn Stephens

Title: Assistant Vice President

By:



Name: Shoshana Tyson

Title: Credit Suisse Authorized Signer

Consented to:

**EBG HOLDINGS LLC**

By:

N/A

Name:

Title:

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received and/or had the opportunity to review a copy of the Credit Agreement to the extent it has in its sole discretion deemed necessary, together with copies of the most recent financial statements delivered pursuant to Section 5.03 thereof, as applicable, and such other documents and information as it has in its sole discretion deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Person organized under the laws of a jurisdiction outside the United States, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

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**Steven Nelson**

**From:** Dvorski, Vera [vera.dvorski@barclayscapital.com]  
**Sent:** Friday, October 10, 2008 11:14 AM  
**To:** Steven Nelson; Kovalev, Dmitriy; Marco, Paul  
**Subject:** RE: Boston Gen EBG Mezz

Hi,

I entered it this morning. Sorry about the delay.

Regards,

Vera Dvorski  
Barclays Capital | Capital Markets Prime Services  
Phone: (212) -526-2361  
Fax: (646) 834-4652  
Email: vera.dvorski@barclayscapital.com

-----Original Message-----

From: Steven Nelson [mailto:SNelson@stonehillcap.com]  
Sent: Friday, October 10, 2008 11:01 AM  
To: Dvorski, Vera; Kovalev, Dmitriy; Marco, Paul  
Subject: RE: Boston Gen EBG Mezz

We don't see this in our account.

Steve Nelson  
Stonehill Capital Management  
885 Third Avenue  
30th Floor  
New York, NY 10022  
T - 212.739.7470 (direct)  
T - 212.739-7474  
F - 212.838.2291  
snelson@stonehillcap.com

-----Original Message-----

From: Dvorski, Vera [mailto:vera.dvorski@barclayscapital.com]  
Sent: Wednesday, October 08, 2008 6:24 PM  
To: Steven Nelson; Kovalev, Dmitriy; Marco, Paul  
Subject: Re: Boston Gen EBG Mezz

Hi,

Yes, the money should be in your acct tomorrow.

Regards,  
Vera

----- Original Message -----

From: Steven Nelson <SNelson@stonehillcap.com>  
To: Steven Nelson <SNelson@stonehillcap.com>; Kovalev, Dmitriy; Marco, Paul; Dvorski, Vera  
Sent: Wed Oct 08 18:17:24 2008  
Subject: RE: Boston Gen EBG Mezz

Any luck with this?

Steve Nelson

Stonehill Capital Management

885 Third Avenue

30th Floor

New York, NY 10022

T - 212.739.7470 (direct)

T - 212.739-7474

F - 212.838.2291

[snelson@stonehillcap.com](mailto:snelson@stonehillcap.com)

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**From:** Steven Nelson  
**Sent:** Wednesday, October 08, 2008 10:08 AM  
**To:** 'Kovalev, Dmitriy'; 'Marco, Paul'; 'Dvorski, Vera'  
**Subject:** FW: Boston Gen EBG Mezz

Please see the message below. Offshore should have rec'd \$1,788,283.65 on 8/27/08.  
Please check on this.

Thanks,

Steve Nelson

Stonehill Capital Management

885 Third Avenue

30th Floor

New York, NY 10022

T - 212.739.7470 (direct)

T - 212.739-7474

F - 212.838.2291

[snelson@stonehillcap.com](mailto:snelson@stonehillcap.com)

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**From:** Marie.Cowell@rbsgc.com [mailto:[Marie.Cowell@rbsgc.com](mailto:Marie.Cowell@rbsgc.com)]  
**Sent:** Wednesday, October 08, 2008 9:57 AM  
**To:** Steven Nelson; [loanops@rbos.com](mailto:loanops@rbos.com)  
**Subject:** RE: Boston Gen EBG Mezz

Steven,

page 3 of 3

funds were sent on 8/27/08. The Book Transfer # is 0661600240JS.  
Please let me know if you have any more questions.

1,788,283.65 BOOK TRANSFER DEBIT BOOK 0661600240JS SAME 17:04 08/27/2008 STRAIGHT

YOUR REF: ADHPhRF30082400W

PAID TO: 00000000140094221 LEHMAN BROS INC-INCOMING CUST FD INCOMING  
CUSTOMER FUNDS CLS NEW YORK NY 10019

SWIFT ID: GRNWUS33

B/O CUSTOMER: GREENWICH CAPITAL MARKETS INC 600 STEAMBOAT RD GREENWICH CT  
06830-7149

ACCT PARTY: /732907552 LBI

REC GFP: 08272102

Thanks.

Marie Cowell  
RBS Global Banking & Markets  
Office: +1 203 618 2684

-----Original Message-----

From: Steven Nelson [mailto:[SNelson@stonehillcap.com](mailto:SNelson@stonehillcap.com)]  
Sent: Wednesday, October 08, 2008 9:24 AM  
To: \*GCM Loan Operations  
Subject: Boston Gen EBG Mezz

Stonehill Offshore Partners Limited sold to you a qty of 2,000,000 of Boston Gen thru clearpar. It was trade #565561-001 and it closed on 8/26/08. The funding memo called for you to pay us \$1,788,283.65 but we have yet to receive the funds. Please check your records and get back to me.

Thanks,

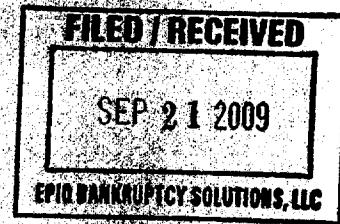
Steve Nelson

Stonehill Capital Management

885 Third Avenue

30th Floor

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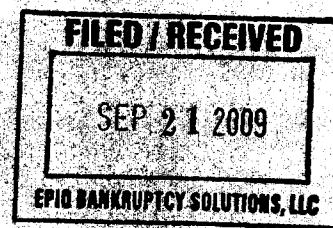


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Internal ID	CUSIP	Description	9/12/2008		8/31/08		Price used	Trading Unit	Factor	CCY	FX	Off Qty	Off MV on filing date		Off MV on transfer date		SI MV on filing date		SI MV on transfer date		SI P&L	total
			Price	Price	Price	Unit							Off MV on filing date	Off MV on transfer date	Off P&L	SI Qty	SI MV on filing date	SI MV on transfer date	SI P&L			
KGENY	49373X103	KGEN PWR CORP COM 144A	0.0000	15.0000	15.0000	1.0000	1.0000	USD	1.0000	2,718,868.00	40,783,020.00	27,188,680.00	(13,594,340.00)	1,866,236.00	27,993,540.00	18,662,360.00	(9,331,180.00)	(22,925,520.00)				
5489304	92923CAG9	WCI COMMUNITIES INC GTD SENIOR SUB NOTE 9.125% 5/1/2012 92923CAG9	39.0000	35.0000	35.0000	0.0100	1.0000	USD	1.0000	14,645,000.00	5,125,750.00	219,675.00	(4,906,075.00)	14,309,000.00	5,008,150.00	214,635.00	(4,793,515.00)	(9,699,590.00)				
BTDPF	0081180	BARRATT DEVELOPMENTS PLC	2.5983	1.8671	2.5983	1.0000	1.0000	USD	1.0000	2,179,878.00	5,663,992.27	1,810,960.19	(3,853,032.08)	2,569,067.00	6,675,224.77	2,134,283.69	(4,540,941.08)	(8,393,973.16)				
ABVT	00374N107	ABOVENET INC	56.5000	58.0000	56.5000	1.0000	1.0000	USD	1.0000	392,902.00	22,198,963.00	18,073,492.00	(4,125,471.00)	372,301.00	21,035,006.50	17,125,846.00	(3,909,160.50)	(8,034,631.50)				
5337735	92923CAP9	WCI CMNTYS INC SR SUB NT 6.625% 3/15/2015 92923CAP9	41.0000	35.0000	35.0000	0.0100	1.0000	USD	1.0000	13,105,000.00	4,586,750.00	196,575.00	(4,390,175.00)	10,345,000.00	3,620,750.00	155,175.00	(3,465,575.00)	(7,855,750.00)				
ADVNB	007942204	ADVANTA CORP-CL B NON-VTG	8.5800	8.2300	8.5800	1.0000	1.0000	USD	1.0000	951,658.00	8,165,225.64	3,654,366.72	(4,510,858.92)	689,393.00	5,914,991.94	2,647,269.12	(3,267,722.82)	(7,778,581.74)				
5214313	92923CAM6	WCI COMMUNITIES INC CONV SENIOR SUB NOTE 7.875% 10/1/2013 92923CAM6	38.5000	35.0000	35.0000	0.0100	1.0000	USD	1.0000	19,560,000.00	6,846,000.00	2,934,000.00	(3,912,000.00)	15,978,000.00	5,592,300.00	2,396,700.00	(3,195,600.00)	(7,107,600.00)				
RHDGF	2967879	RETAIL HOLDINGS N V	8.0000	8.5000	8.0000	1.0000	1.0000	USD	1.0000	1,341,254.00	10,730,032.00	6,706,270.00	(4,023,762.00)	386,878.00	3,095,024.00	1,934,390.00	(1,160,634.00)	(5,184,396.00)				
HOV	442487203	HOVNANIAN ENTERPRISES INC-CL A	7.5700	7.9900	7.5700	1.0000	1.0000	USD	1.0000	402,500.00	3,046,925.00	756,700.00	(2,290,225.00)	472,500.00	3,576,825.00	888,300.00	(2,688,525.00)	(4,978,750.00)				
5BDKMR1	140661AD1	CAPMARK FINL GROUP INC SR NT FLT 10 3.74625% 5/10/2010 140661AD1	76.6720	65.0000	65.0000	0.0100	1.0000	USD	1.0000	7,625,000.00	4,956,250.00	2,821,250.00	(2,135,000.00)	8,255,000.00	5,365,750.00	3,054,450.00	(2,311,400.00)	(4,446,400.00)				
5332712	N5639BAC2	SAIRGROUP FINANCE *IN DEFAULT* 6.625% 10/6/2010 N5639BAC2	0.0000	26.7085	26.7085	0.0100	1.0000	USD	1.0000	31,627,000.00	8,447,112.38	6,479,710.58	(1,967,401.80)	35,743,000.00	9,546,436.20	7,322,992.87	(2,223,443.33)	(4,190,845.13)				
5BDGWP4	76114EAE2	RESIDENTIAL CAP LLC SR SECD NT 8.50% 05/15/2010 76114EAE2	69.5000	55.0000	55.0000	0.0100	1.0000	USD	1.0000	26,875,000.00	14,781,250.00	12,900,000.00	(1,881,250.00)	26,475,000.00	14,561,250.00	12,708,000.00	(1,853,250.00)	(3,734,500.00)				
M017061	55291M202	MAC CAPITAL LLC COMBINATION SEC'S MEMBERSHIP	0.0000	0.3200	0.3200	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	9,656,000.00	3,089,920.00	0.00	(3,089,920.00)	(3,089,920.00)				
ZARLF	989139100	ZARLINK SEMICONDUCTOR INC	0.6100	45.5000	0.6100	1.0000	1.0000	USD	1.0000	5,489,218.00	3,348,422.98	1,209,274.69	(2,139,148.29)	2,164,484.00	1,320,335.24	476,835.81	(843,499.43)	(2,982,647.72)				
5225200	92923CAK0	WCI COMMUNITIES INC CONV 4% 8/5/2023 92923CAK0	38.0000	35.0000	35.0000	0.0100	1.0000	USD	1.0000	6,769,000.00	2,369,150.00	1,006,888.75	(1,362,261.25)	6,410,000.00	2,243,500.00	953,487.50	(1,290,012.50)	(2,652,273.75)				
5986867	X5028003820	LUXFER HOLDINGS PLC 11.831% 02/06/2012 G5698WAD0	0.0000	142.1600	142.1600	0.0100	1.0000	USD	1.0000	2,179,193.00	3,097,940.77	1,881,776.74	(1,216,164.03)	2,308,621.00	3,281,935.61	1,898,881.35	(1,383,054.26)	(2,599,218.29)				
ACTG	003881307	ACACIA RESEARCH - ACACIA TECHNOLOGIES	4.1300	3.0200	4.1300	1.0000	1.0000	USD	1.0000	521,695.00	2,154,600.35	1,064,257.80	(1,090,342.55)	612,425.00	2,529,315.25	1,249,347.00	(1,279,968.25)	(2,370,310.80)				
CAL	210795308	CONTINENTAL AIRLINES INC-CL B	18.9500	15.8300	18.9500	1.0000	1.0000	USD	1.0000	301,044.00	5,704,783.80	4,633,067.16	(1,071,716.64)	343,356.00	6,506,596.20	5,284,248.84	(1,222,347.36)	(2,294,064.00)				
5BBNND6	55265AAN1	MAC CAPITAL LTD SER 2007-1 CL-B 144A/3C7 7.0450% 7/26/2023 55265AAN1	0.0000	40.4600	40.4600	0.0100	1.0000	USD	1.0000	6,050,000.00	2,447,830.00	1,257,190.00	(1,190,640.00)	4,950,000.00	2,002,770.00	1,028,610.00	(974,160.00)	(2,164,800.00)				
5196207	N5639BA6	SAIR GROUP FINANCE B V *IN DEFAULT* 4.375% 6/8/2006 N5639BA6	0.0000	26.7686	26.7686	0.0100	1.0000	USD	1.0000	23,417,000.00	6,268,397.51	5,222,198.79	(1,046,198.72)	19,357,000.00	5,181,593.31	4,100,776.01	(1,080,817.30)	(2,127,016.02)				
5856846	904677AG6	UNIFI INC SR SC NT 11.5% R/MD 05/15/2014 904677AG6	90.5000	82.5000	82.5000	0.0100	1.0000	USD	1.0000	12,528,000.00	10,335,600.00	9,020,160.00	(1,315,440.00)	7,472,000.00	6,164,400.00	5,379,840.00	(784,560.00)	(2,100,000.00)				
5BBKLB4	X5032940688	MAC CAPITAL LTD R/MD .000000001 07/24/2023 0% 7/24/2023 G5753NAB6	0.0000	0.3900	0.3900	1.0000	1.0000	USD	1.0000	6,500,000.00	2,535,000.00	756,600.00	(1,778,400.00)	0.00	0.00	0.00	0.00	(1,778,400.00)				
LCC	90341W108	US AIRWAYS GROUP INC	7.8800	6.0300	7.8800	1.0000	1.0000	USD	1.0000	689,448.00	5,432,850.24	4,626,196.08	(806,654.16)	809,010.00	6,374,998.80	5,428,457.10	(946,541.70)	(1,753,195.86)				
5BDHQ5	85431AJM0	VICTORIA STANFIELD FIN LTD MEDIUM TERM NTS144A 3C7 0% 01/25/2008 85431AJM0	0.0000	42.0000	42.0000	0.0100	1.0000	USD	1.0000	4,600,000.00	1,932,000.00	575,000.00	(1,357,000.00)	5,400,000.00	2,268,000.00	1,890,000.00	(378,000.00)	(1,735,000.00)				
ADVNA	007942105	ADVANTA CORP-CL A (FORMERLY COMMON)	7.2200	4.9300	7.2200	1.0000	1.0000	USD	1.0000	158,854.00	1,146,925.88	339,947.56	(806,978.32)	166,257.00	1,200,375.54	355,789.98	(844,585.56)	(1,651,563.88)				
5128805	13134YAA5	CALPINE CONSTRUCTION FINANCE CO L/P /CCFC FINANCE CORP 144A 11.6025% 08/26/2011 13134YAA	107.5000	101.5000	101.5000	0.0100	1.0000	USD	1.0000	12,650,000.00	12,839,750.00	11,448,250.00	(1,391,500.00)	2,350,000.00	2,385,250.00	2,126,750.00	(258,500.00)	(1,650,000.00)				
ADPAJ	00685R102	ADELPHIA RECOVERY TRUST SERIES ARAHOVA INT	0.4000	0.2500	0.4000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	5,301,739.00	2,120,695.60	636,208.68	(1,484,486.92)	(1,484,486.92)				
5341743	112013AB3	BRODER BROS CO SR NOTE 11.25% 10/15/2010 112013AB3	67.5000	58.5000	58.5000	0.0100	1.0000	USD	1.0000	4,975,000.00	2,910,375.00	1,990,000.00	(920,375.00)	2,525,000.00	1,477,125.00	1,010,000.00	(467,125.00)	(1,387,500.00)				
5262134	98141AAD3	WORLD ACCESS INC SENIOR NOTES- DEFAULT 13.25% 01/15/2008 98141AAD3	0.0000	3.2389	3.2389	0.0100	1.0000	USD	1.0000	67,826,000.00	2,196,799.10	2,034,780.00	(162,019.10)	58,995,000.00	1,910,774.09	727,667.55	(1,183,106.54)	(1,345,125.64)				
POR	736508847	PORTLAND GENERAL ELECTRIC CO NEW	25.4700	23.6600	25.4700	1.0000	1.0000	USD	1.0000	1,147.00	29,214.09	22,641.78	(6,572.31)	233,431.00	5,945,487.57	4,607,927.94	(1,337,559.63)	(1,344,131.94)				
S355724	X50119591302	MULIALERAMIK FINANCE LTD SENIOR A VAR RATE 7.18750% 10/31/2007	0.0000	22.0000	22.0000	0.0100	1.0000	USD	1.0000	6,045,389.00	1,329,985.58	453,404.18	(876,581.40)	3,114,291.00	685,144.02	233,571.83	(451,572.19)	(1,328,153.59)				
S325546	74972EAN8	RSL COMMUNICATIONS PLC GRD USS SR NT- *IN DEFAULT* 12.8750% 03/01/2010 74972EAN8	0.0000	4.2500	4.2500	0.0100	1.0000	USD	1.0000	18,635,000.00	791,987.50	234,987.35	(557,000.15)	24,550,000.00	1,043,375.00	3						

Internal ID	CUSIP	Description	9/12/2008		8/31/08		Price used	Trading	Off MV on filing date	Off MV on transfer date	Off P&L	SI Qty	SI MV on filing date	SI MV on transfer date	SI P&L	total		
			Price	Price	Unit	Factor			Off Qty									
5BDQSC5	66899ABG6	NORTHWESTERN CORP -CONTRA CUSIP- 7.875% 03/15/2007 66899ABG6	7.6250	7.1250	0.0100	1.0000	USD	1.0000	11,676,000.00	831,915.00	630,504.00	(201,411.00)	8,807,000.00	627,498.75	475,578.00	(151,920.75)	(353,331.75)	
G005020	361990484	GH WATER SUPPLY HL SHS	0.0000	17.2980	17.2980	1.0000	1.0000	USD	1.0000	19,346.00	334,647.11	124,775.88	(209,871.23)	10,468.00	181,075.46	67,515.45	(113,560.01)	(323,431.24)
5341886	XSO119594405	MULIAKERAMIK FINANCE LTD SENIOR B VAR RT 0% 10/31/2007	0.0000	22.0000	22.0000	0.0100	1.0000	USD	1.0000	1,320,000.00	290,400.00	99,000.00	(191,400.00)	680,000.00	149,600.00	51,000.00	(98,600.00)	(290,000.00)
CPXOF	ARP2006N1025	CAPEX SA-ORD AP 1 PAR (BB SYMBOL: CAPX AR)	1.9645	1.4839	1.9645	1.0000	1.0000	USD	1.0000	111,801.00	219,633.85	66,561.74	(153,072.11)	107,382.00	210,952.69	74,752.52	(136,200.17)	(289,272.28)
5540538	031042AC8	AMES TRUE TEMPER INC SENIOR NOTE 144A 6.7906% 1/15/2012 031042AC8	80.5000	75.0000	75.0000	0.0100	1.0000	USD	1.0000	3,000,000.00	2,250,000.00	1,965,000.00	(285,000.00)	0.00	0.00	0.00	(285,000.00)	
5231763	87941TAE5	TELEGLOBE INC DEB-*IN DEFAULT* 7.7% 07/20/2029 87941TAE5	0.0000	1.2500	1.2500	0.0100	1.0000	USD	1.0000	53,161,000.00	664,512.50	531,610.00	(132,902.50)	57,801,000.00	722,512.50	578,010.00	(144,502.50)	(277,405.00)
5BDNVZ6	9898ESC991	ZIFF DAVIS MEDIA INC SR SECD NT - ESCROW CUSIP - 0% 05/01/2012 9898ESC991	100.0000	4.2066	4.2066	0.0100	1.0000	USD	1.0000	9,085,000.00	382,169.61	240,852.44	(141,317.17)	8,515,000.00	358,191.99	225,741.17	(132,450.82)	(273,767.99)
5324524	29357YAA1	ENRON CORP PRIVATE PLACEMENT (CLN ) 8% 08/15/2049 29357YAA1	0.0000	2.0000	2.0000	0.0100	1.0000	USD	1.0000	9,213,000.00	184,260.00	11,516.25	(172,743.75)	4,187,000.00	83,740.00	5,233.75	(78,506.25)	(251,250.00)
5905694	126683AB7	CWHEQ HOME EQUITY LN TR SER 2006-S5 CLASS A2 5.681% 06/25/2035 126683AB7	59.0244	59.0000	59.0000	0.0100	1.0000	USD	1.0000	5,750,000.00	3,392,500.00	3,277,500.00	(115,000.00)	6,750,000.00	3,982,500.00	3,847,500.00	(135,000.00)	(250,000.00)
PGTI	69336V101	PGT INC	4.0400	3.0300	4.0400	1.0000	1.0000	USD	1.0000	134,259.00	542,406.36	306,110.52	(236,295.84)	0.00	0.00	0.00	(236,295.84)	
5BDXB52	66899ABH4	NORTHWESTERN CORP -CONTRA CUSIP- 8.75% 03/15/2049 66899ABH4	7.6250	7.1250	7.1250	0.0100	1.0000	USD	1.0000	7,528,000.00	536,370.00	406,512.00	(129,858.00)	5,937,000.00	423,011.25	320,598.00	(102,413.25)	(232,271.25)
5144489	H7110NAD5	S-AIR GROUP SWSAIR 0.125% 12/31/2049 H7110NAD5	11.9221	13.7200	13.7200	0.0100	1.0000	USD	1.0000	16,275,000.00	2,232,930.00	2,137,415.27	(95,514.73)	19,780,000.00	2,713,816.00	2,597,731.12	(116,084.88)	(211,599.61)
THRFSF	G88576106	THUNDERBIRD RESORTS INC NEW	6.0000	5.0000	6.0000	1.0000	1.0000	USD	1.0000	45,471.00	272,826.00	159,148.50	(113,677.50)	37,204.00	223,224.00	130,214.00	(93,010.00)	(206,687.50)
N009546	64007P111	WTS NEENAH ENTERPRISES INC	0.0000	1.6000	1.6000	1.0000	1.0000	USD	1.0000	75,745.00	121,192.00	7,574.50	(113,617.50)	57,444.00	91,910.40	5,744.40	(86,166.00)	(199,783.50)
CORE	218681104	CORE MARK HOLDING CO INC	26.8700	25.0900	26.8700	1.0000	1.0000	USD	1.0000	13,377.00	359,439.99	252,423.99	(107,016.00)	9,357.00	251,422.59	176,566.59	(74,856.00)	(181,872.00)
3450402	238259Z65	DAUPHIN CNTY PA GEN AUTH REV OFFICE & PKG-FORUM PL-SER A 6% 01/15/2025 238259Z65	0.0000	65.0000	65.0000	0.0100	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	1,295,000.00	841,750.00	666,018.50	(175,731.50)	
DAL	247361702	DELTA AIR LINES INC DEL COM NEW	8.1300	7.4500	8.1300	1.0000	1.0000	USD	1.0000	591,804.00	4,811,366.52	4,693,005.72	(118,360.80)	262,805.00	2,136,604.65	2,084,043.65	(52,561.00)	(170,921.80)
5253291	358430AA4	FRIEDE GOLDMAN INTL INC SUB NT CV-IN DEFAULT 4.50% 09/15/2049 358430AA4	0.0000	4.7500	4.7500	0.0100	1.0000	USD	1.0000	52,619,000.00	2,499,402.50	2,367,855.00	(131,547.50)	15,677,000.00	744,657.50	705,465.00	(39,192.50)	(170,740.00)
5449492	CH0010348594	SAIR GROUP -IN DEFAULT 4.25% 02/02/2007 010645182	0.0000	13.7200	13.7200	0.0100	1.0000	USD	1.0000	795,000.00	109,074.00	104,408.30	(4,665.70)	12,000,000.00	1,646,400.00	1,501,044.95	(145,355.05)	(150,020.75)
5229955		PEREGRINE INVEST HOLDINGS LTD	0.0000	0.0145	0.0145	0.0100	1.0000	USD	1.0000	2,120,000,000.00	307,400.00	160,696.00	(146,704.00)	0.00	0.00	0.00	(146,704.00)	
5BBPVH5	XSO301812557	GMAC BANK GMBH EURO MEDIUM TERM NOTE 5.75% 05/21/2010 N3592XB66	109.1440	92.3090	92.3090	0.0100	1.0000	USD	1.0000	920,000.00	849,242.80	784,430.64	(64,812.16)	1,080,000.00	996,937.20	920,853.36	(76,083.84)	(140,896.00)
5119024	126685DW3	CWHEQ HOME EQUITY LOAN TRUST MTGPC/SERIES 2006-S2 A2-VAR 5.627% 07/25/2027 126685DW3	78.1854	68.0000	68.0000	0.0100	1.0000	USD	1.0000	2,150,000.00	1,462,000.00	1,397,500.00	(64,500.00)	2,525,000.00	1,717,000.00	1,641,250.00	(75,750.00)	(140,250.00)
5FBFRQ5	9262G0AF6	VICTORIA FIN LTD 144A VR 090908-021709 0% 2/17/2009 9262G0AF6	65.0000	42.0000	42.0000	0.0100	1.0000	USD	1.0000	1,100,000.00	462,000.00	385,000.00	(77,000.00)	900,000.00	378,000.00	315,000.00	(63,000.00)	(140,000.00)
5497868	339130AX4	FLEMING COMPANIES INC SENIOR NOTES 9.25% 06/15/2010 339130AX4	0.0000	2.5000	2.5000	0.0100	1.0000	USD	1.0000	17,368,000.00	434,200.00	347,360.00	(86,840.00)	7,882,000.00	197,050.00	157,640.00	(39,410.00)	(126,250.00)
5BBKVC2	640071AR7	NEENAH CORP SR SECD NT 9.50% 01/01/2017 640071AR7	76.6250	72.0000	72.0000	0.0100	1.0000	USD	1.0000	460,000.00	331,200.00	273,700.00	(57,500.00)	540,000.00	388,800.00	321,300.00	(67,500.00)	(125,000.00)
5204979	247361VM7	DELTA AIR PTC 1990-E15 10.33% 03/26/2006 247361VM7	0.0000	34.1063	34.1063	0.0100	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	1,801,000.00	614,254.46	497,537.06	(116,717.40)	
5231755	87941TAD7	TELEGLOBE INC GTD DEB 7.2% 07/20/2009 87941TAD7	0.0000	1.2500	1.2500	0.0100	1.0000	USD	1.0000	26,335,000.00	329,187.50	263,350.00	(65,837.50)	16,619,000.00	207,737.50	166,190.00	(41,547.50)	(107,385.00)
5084588	247361VU9	DELTA AIR PTC 1990-B16 10.79% 03/26/2014 247361VU9	81.5000	42.3770	42.3770	0.0100	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	1,250,000.00	529,712.50	425,528.75	(104,183.75)	
T104832	87941T972	TELEGLOBE CANADA INC TEMP 8% 10/23/2026	0.0000	0.0080	0.0080	0.0100	1.0000	USD	1.0000	13,000,000.00	104,000.00	51,275.86	(52,724.14)	12,000,000.00	96,000.00	47,331.56	(48,668.44)	(101,392.58)
5406872	59832WAE9	MIDWEST GENERATION LLC PASSTHRU CTF SER A 8.30% 07/02/2009 59832WAE9	102.5940	100.7500	100.7500	0.0100	1.0000	USD	1.0000	2,625,000.00	2,644,687.50	2,546,250.00	(98,437.50)	0.00	0.00	0.00	(98,437.50)	
5197153	247361VK1	DELTA AIR PTC 1990-C15 10.33% 03/26/2006 247361VK1	0.0000	34.1771	34.1771	0.0100	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	1,601,000.00	547,175.37	451,009.71	(96,165.66)	(96,165.66)
EXEXA	26928109	EXX INC-CL A	2.4500	1.4047	2.4500	1.0000	1.0000	USD	1.0000	51,850.00	127,032.50	80,367.50	(46,665.00)	51,850.00	127,032.50	80,367.50	(46,665.00)	(93,330.00)
5253212	987406AA3	YOSEMITIC SECURITIES TRUST I 99-A LNKD ENRN OBLG LDS-DFLT 8.25% 11/15/2049 987406AA3	0.5000	2.0000	2.0000	0.0100	1.0000	USD	1.0000	4,350,000.00	87,000.00	2,718.75	(84,281.25)	450,000.00	9,000.00	281.25	(8,718.75)	(93,000.00)
5451783	247361VW5	DELTA AIR PTC 1990-D16 10.79% 03/26/2014 247361VW5	81.5000	34.3068	34.3068	0.0100	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	1,500,000.00	514,602.00	423,966.00	(90,636.00)	
5778017	125568AE5	CIT GROUP FDG CO CDA SR NT 5.6% 11/02/2011 125568AE5	80.0749	60.5000	60.5000	0.0100	1.0000	USD	1.0000	4,815,000.00	2,913,							

Internal ID	CUSIP	Description	9/12/2008	8/31/08	Price used	Trading Unit	Factor	CCY	FX	Off Qty	Off MV on filing date	Off MV on transfer date	Off P&L	SI Qty	SI MV on filing date	SI MV on transfer date	SI P&L	total
			Price	Price	0.0100	1.0000	USD	1.0000	0.00	0.00	2,000,000.00	16,000.00	7,730.00	(8,270.00)	(8,270.00)			
9N44093		TELEGLOBE INC UNSECURED DEBENTURE IN DEFAULT 8.35% 06/20/2003	3.9844	0.8000	<b>0.8000</b>	0.0100	1.0000	USD	1.0000	0.00	0.00	0.00	2,000,000.00	16,000.00	7,730.00	(8,270.00)	(8,270.00)	
5BDQMJ0	612MMI8A9	NORTHWESTERN CORP - MONTANA POWER CO - TENDER OFFER - 7.96% 12/21/2026 612MMI8A9	6.8750	7.0000	<b>7.0000</b>	0.0100	1.0000	USD	1.0000	201,000.00	14,070.00	10,653.00	(3,417.00)	167,000.00	11,690.00	8,851.00	(2,839.00)	(6,256.00)
5BDQPD8	612MMI9B6	NORTHWESTERN CORP - MONTANA POWER CO - TENDER OFFER - 7.07% 12/20/2006 612MMI9B6	6.8750	7.0000	<b>7.0000</b>	0.0100	1.0000	USD	1.0000	197,000.00	13,790.00	10,441.00	(3,349.00)	162,000.00	11,340.00	8,586.00	(2,754.00)	(6,103.00)
TDFXQ	88553X103	3DFX INTERACTIVE INC	0.0210	0.0170	<b>0.0210</b>	1.0000	1.0000	USD	1.0000	233,100.00	4,895.10	3,263.40	(1,631.70)	99,500.00	2,089.50	1,393.00	(696.50)	(2,328.20)
5132068	462691AA4	IRIDIUM OPERATING LLC 11.25% 07/15/2005	0.0000	0.6250	<b>0.6250</b>	0.0100	1.0000	USD	1.0000	755,000.00	4,718.75	3,303.13	(1,415.62)	0.00	0.00	0.00	0.00	(1,415.62)
5342696	XS0108551366	EXODUS COMMUNICATIONS SENIOR NOTES 10.75% 12/15/2009	0.0000	0.0085	<b>0.0085</b>	0.0100	1.0000	USD	1.0000	3,600,000.00	304.76	0.00	(304.76)	7,540,000.00	638.30	0.00	(638.30)	(943.06)
KANP	48282H308	KAANAPALI LAND LLC	32.5000	30.6400	<b>32.5000</b>	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	76.00	2,470.00	1,941.80	(528.20)	(528.20)
5272401	5071476	INDORAYON INTL FINANCE USD-DEFAULTED 10% 03/29/2001 Y3982EAA6	0.0000	0.1000	<b>0.1000</b>	0.0100	1.0000	USD	1.0000	400,000.00	400.00	0.00	(400.00)	0.00	0.00	0.00	0.00	(400.00)
5308012	302088AK5	EXODUS COMMUNICATIONS INC SR NT 144A -IN DEFAULT 11.6250% 07/15/2010 302088AK5	0.0000	0.2588	<b>0.2588</b>	0.0100	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	105,000.00	271.74	0.00	(271.74)	(271.74)
9057437	683990873	OPEN CONNECT SYSTEMS INC RESTRICTED	0.0000	0.0100	<b>0.0100</b>	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	22,397.00	223.97	0.00	(223.97)	(223.97)
5070317	739731AB3	PRATAMA DATAKOM ASIA ACCREDITED INV\$ 12.75% 07/15/2005 739731AB3	0.0000	0.0100	<b>0.0100</b>	0.0100	1.0000	USD	1.0000	500,000.00	50.00	0.00	(50.00)	0.00	0.00	0.00	0.00	(50.00)
5957202		SECURITIZED MULTIPLE ASSET A2 97-5 0% 06/29/2005	0.0000	0.0010	<b>0.0010</b>	0.0100	1.0000	USD	1.0000	4,798,000.00	47.98	0.00	(47.98)	0.00	0.00	0.00	0.00	(47.98)
DYHCS	703044107	PATENT LITIGATION TR BENEFICIAL TRUST INTERESTS	0.0010	0.0005	<b>0.0005</b>	1.0000	1.0000	USD	1.0000	53,071.00	26.54	26.53	(0.01)	20,069.00	10.03	10.03	0.00	(0.01)
KGPMR	483058111	RTS KAISER GOVT PROGRAMS INC PUT RT PUR PFD KAISER GROUP	0.0000	0.0001	<b>0.0001</b>	1.0000	1.0000	USD	1.0000	51,750.00	5.18	5.17	(0.01)	0.00	0.00	0.00	0.00	(0.01)
5579099	009451AH8	AIRPLANES PASS THRU TRUST STF CL D 10.875% 03/15/2019 009451AH8	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	33,789,621.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A015124	029320991	AMERICAN RICE INC ESCROW CUSIP	0.0000	0.0000	<b>0.0000</b>	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	61,288.00	0.00	0.00	0.00	0.00
5552686	029318AA0	AMERICAN RICE INC MTG NOTES W/CONTINGENT INT 13% 07/31/2002 029318AA0	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	315,000.00	0.00	0.00	0.00	230,000.00	0.00	0.00	0.00	0.00
5956314	TT3070725	BANQUE PALLAS IN DEFAULT 10.125% 02/08/2026 TT3070725	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	63,800,000.00	0.00	0.00	0.00	16,000,000.00	0.00	0.00	0.00	0.00
5230760	119003AF8	BUDGET GROUP INC SR NTS *IN DEFAULT* 9.125% 04/01/2006 119003AF8	0.0300	0.0810	<b>0.0810</b>	0.0100	1.0000	USD	1.0000	6,395,000.00	5,179.95	5,179.95	0.00	12,980,000.00	10,513.80	10,513.80	0.00	0.00
3006857	13077Y9A6	CALIFORNIA STATEWIDE CMNTYS DEV AUTH SPL FACS DEV UTD AIR 5.6250% 10/01/2034 13077Y9A6	3.5000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	7,600,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5530871	13135BAF3	CALPINE GENERATING CO LLC SR SECD NT *IN DEFAULT* 7.755% 04/01/2010 13135BAF3	7.6250	7.5000	<b>7.5000</b>	0.0100	1.0000	USD	1.0000	6,000,000.00	450,000.00	450,000.00	0.00	0.00	0.00	0.00	0.00	0.00
5247881	144500AC9	CARRIER INT'L S A SR NOTE SER B 13.25% 02/15/2009 144500AC9	0.0000	0.2500	<b>0.2500</b>	0.0100	1.0000	USD	1.0000	3,215,000.00	8,037.50	8,037.50	0.00	3,088,000.00	7,720.00	7,720.00	0.00	0.00
CTLEE	149479107	CATTLESALE COMPANY	0.0000	0.0000	<b>0.0000</b>	1.0000	1.0000	USD	1.0000	25,942.00	0.00	0.00	0.00	9,810.00	0.00	0.00	0.00	0.00
5109824	15115MAL5	CELLNET DATA SYS INC/SR DISC 14% 10/01/2007 15115MAL5	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	70,000,000.00	0.00	0.00	0.00	30,000,000.00	0.00	0.00	0.00	0.00
5150557	15133CAC5	CENTAUR MINING & EXPL LTD SENIOR SECD NOTE 11% 12/01/2007 15133CAC5	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	100,930,000.00	0.00	0.00	0.00	20,070,000.00	0.00	0.00	0.00	0.00
5046016	155560AA3	CENTRAL TRACTOR FARM & COUNTRY INC SR NOTE 10.625% 04/01/2007 155560AA3	0.0000	0.3750	<b>0.3750</b>	0.0100	1.0000	USD	1.0000	2,540,000.00	9,525.00	9,525.00	0.00	9,460,000.00	35,475.00	35,475.00	0.00	0.00
5147251	12542AAB3	CHS ELECTRONICS INC SENIOR NOTES 9.875% 04/15/2005 12542AAB3	0.0000	0.5000	<b>0.5000</b>	0.0100	1.0000	USD	1.0000	27,500,000.00	137,500.00	137,500.00	0.00	27,500,000.00	137,500.00	137,500.00	0.00	0.00
5BBDTK4	12560PEA5	CIT GROUP INC MEDIUM TERM SR NTS 2.9050% 10/27/2008 12560PEA5	97.8390	98.2040	<b>98.2040</b>	0.0100	1.0000	USD	1.0000	5,500,000.00	5,401,220.00	5,401,220.00	0.00	4,500,000.00	4,419,180.00	4,419,180.00	0.00	0.00
5307531	196267AD0	COLOR TILE INC SR NT IN DEFAULT 10.75% 12/15/2001 196267AD0	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	3,262,000.00	0.00	0.00	0.00	1,700,000.00	0.00	0.00	0.00	0.00
5220319	21061PAD8	CONSUMER PACKAGING INC SR NOTE 9.75% 02/01/2007 21061PAD8	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	8,800,000.00	0.00	0.00	0.00	23,854,000.00	0.00	0.00	0.00	0.00
5272505	2107959D4	CONTINENTAL AIRLINES INC SR NOTES GTD-REG-ESCROW-DEFAULT 11.5% 03/15/1997 2107959D4	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	26,400,000.00	0.00	0.00	0.00	13,600,000.00	0.00	0.00	0.00	0.00
5430398	2338609B3	DAIRY MART CONVENIENCE STORES INC - ESCROW - 10.25% 03/15/2004 2338609B3	0.0000	0.0100	<b>0.0100</b>	0.0100	1.0000	USD	1.0000	742,000.00	74.20	74.20	0.00	584,000.00	58.40	58.40	0.00	0.00
D004752	243457108	DECISIONONE CORP NEW	0.0000	0.0000	<b>0.0000</b>	1.0000	1.0000	USD	1.0000	36.00	0.00	0.00	0.00	58.00	0.00	0.00	0.00	0.00
5115626	247701AB1	DELTA MILLS INC SR NOTE SER B 9.62500 09/01/2008 247701AB1	0.0000	8.6000	<b>8.6000</b>	0.0100	1.0000	USD	1.0000	3,092,000.00	265,912.00	265,912.00	0.00	0.00	0.00	0.00	0.00	0.00
5123009	262497AG5	DRYPERS CORP SR NTS SER-B 10.25% 06/15/2007 262497AG5	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	5,004,000.00	0.00	0.00	0.00	15,953,000.00	0.00	0.00	0.00	0.00
5310628	2695249C0	EAGLE GEOPHYSICAL INC SR NT SER B -ESCROWED- 10.75% 07/15/2008 2695249C0	0.0000	0.0100	<b>0.0100</b>	0.0100	1.0000	USD	1.0000	15,218,000.00	1,521.80	1,521.80	0.00	11,000,000.00	1,100.00	1,100.00	0.00	0.00
5030910	2003368R9	ESC COMDISCO INC NOTE - ESCROW - 6.125% 01/15/2003 2003368R9	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	1,450,000.00	0.00	0.00	0.00	1,050,000.00	0.00	0.00	0.00	0.00
5037926	4983269C3	ESC KITTY HAWK INC SR SECD NTS 9.95% 11/15/2004 4983269C3	0.0000	0.5000	<b>0.5000</b>	0.0100	1.0000	USD	1.0000	11,530,000.00	57,650.00	57,650.00	0.00	22,523,800.				

Internal ID	CUSIP	Description	9/12/2008		8/31/08		Price used	Trading Unit	Factor	CCY	FX	Off Qty	Off MV on filing date	Off MV on transfer date	Off P&L	SI Qty	SI MV on filing date	SI MV on transfer date	SI P&L	total
			Price	Price	Price	Unit														
5246447	36228YAC9	GST NETWORK FUNDING INC SR SECD DISC NTE DEFAULT 10.50% 05/01/2008 36228YAC9	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	4,000,000.00		0.40	0.40	<b>0.00</b>	0.00	0.00	0.00	<b>0.00</b>	0.00	0.00
5329921	362359AC5	GT GROUP TELECOM INC SENIOR DISC EXCH NTS-DEFAULTED 13.25% 02/01/2010 362359AC5	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	17,000,000.00		0.00	0.00	<b>0.00</b>	14,000,000.00	0.00	0.00	<b>0.00</b>	0.00	0.00
5252671	422660AD2	HECHINGER CO *IN DEFAULT* 6.95% 10/15/2003 422660AD2	0.0000	1.5000	<b>1.5000</b>	0.0100	1.0000	USD	1.0000	0.00		0.00	0.00	<b>0.00</b>	5,892,000.00	88,380.00	88,380.00	<b>0.00</b>	0.00	0.00
5205553	422660AC4	HECHINGER CO SR DEBS 9.45% 11/15/2012 422660AC4	0.0000	1.5000	<b>1.5000</b>	0.0100	1.0000	USD	1.0000	0.00		0.00	0.00	<b>0.00</b>	20,158,000.00	302,370.00	302,370.00	<b>0.00</b>	0.00	0.00
5223763	457659AM2	INSILCO CORP SR SUB NOTE SER-B *IN DEFAULT* 12% 08/15/2007 457659AM2	0.0000	0.0625	<b>0.0625</b>	0.0100	1.0000	USD	1.0000	23,300,000.00	14,562.50	14,562.50	<b>0.00</b>	20,185,000.00	12,615.63	12,615.63	<b>0.00</b>	0.00	0.00	
5143514	457661AA4	INSILCO HOLDINGG CO SR DISC NT 14% 08/15/2008 457661AA4	0.0000	0.0625	<b>0.0625</b>	0.0100	1.0000	USD	1.0000	8,250,000.00	5,156.25	5,156.25	<b>0.00</b>	6,750,000.00	4,218.75	4,218.75	<b>0.00</b>	0.00	0.00	
5051503	462213AK5	IONICA PLC -SNR DISC NTS 15% 12/31/2009 462213AK5	0.0000	0.0010	<b>0.0010</b>	0.0100	1.0000	USD	1.0000	3,000,000.00	30.00	30.00	<b>0.00</b>	1,500,000.00	15.00	15.00	<b>0.00</b>	0.00	0.00	
5033225	462213AJ8	IONICA PLC SR NOTE 13.50% 08/15/2006 462213AJ8	0.0000	0.0010	<b>0.0010</b>	0.0100	1.0000	USD	1.0000	3,000,000.00	30.00	30.00	<b>0.00</b>	1,500,000.00	15.00	15.00	<b>0.00</b>	0.00	0.00	
5249169	465266AC8	IT GROUP INC SENIOR SUB NOTE SERB 11.25% 04/01/2009 465266AC8	0.0000	0.0100	<b>0.0100</b>	0.0100	1.0000	USD	1.0000	49,600,000.00	4,960.00	4,960.00	<b>0.00</b>	36,949,500.00	3,694.95	3,694.95	<b>0.00</b>	0.00	0.00	
5574462	477122AV7	JET EQUIPMENT TR MEZZANINE NOTE CL B 95-B 7.83% 08/15/2012 477122AV7	0.0100	0.0100	<b>0.0100</b>	0.0100	1.0000	USD	1.0000	3,640,000.00	364.00	364.00	<b>0.00</b>	2,860,000.00	286.00	286.00	<b>0.00</b>	0.00	0.00	
5142368	488035AE6	KELLSTROM INDS INC CONV SUB NOTES-*DEFAULTED* 5.50% 06/15/2003 488035AE6	0.0000	1.2500	<b>1.2500</b>	0.0100	1.0000	USD	1.0000	24,440,000.00	305,500.00	305,500.00	<b>0.00</b>	23,010,000.00	287,625.00	287,625.00	<b>0.00</b>	0.00	0.00	
5125334	488035AC0	KELLSTROM INDS INC SUB NTS CONV 5.75% 10/15/2002 488035AC0	0.0000	1.2500	<b>1.2500</b>	0.0100	1.0000	USD	1.0000	14,153,000.00	176,912.50	176,912.50	<b>0.00</b>	15,209,000.00	190,112.50	190,112.50	<b>0.00</b>	0.00	0.00	
LEHJQ	B2PJYC5	LEHMAN BROS HLDGS INC DEP SH REPSTG 1/100TH 7.95%	8.2500	0.0100	<b>0.1000</b>	1.0000	1.0000	USD	1.0000	44,482.00	444.82	444.82	<b>0.00</b>	36,718.00	367.18	367.18	<b>0.00</b>	0.00	0.00	
5109706	537902AC2	LIVENT INC SR NTS - IN DEFAULT 9.375% 10/15/2004 537902AC2	0.0000	0.2500	<b>0.2500</b>	0.0100	1.0000	USD	1.0000	20,005,000.00	50,012.50	50,012.50	<b>0.00</b>	18,167,000.00	45,417.50	45,417.50	<b>0.00</b>	0.00	0.00	
5278012	54986QAA5	LUKENS INC MEDIUM TERM NOTES 6.50% 02/01/2006 54986QAA5	0.0000	0.0625	<b>0.0625</b>	0.0100	1.0000	USD	1.0000	2,250,000.00	1,406.25	1,406.25	<b>0.00</b>	0.00	0.00	0.00	<b>0.00</b>	0.00	0.00	
3502020	586169AN4	MEMPHIS TN HLTH EDL&HSG FAC BRD MFHR SECUR.-A-IN DEFAULT 8.68% 12/15/2009 586169AN4	0.0100	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	0.00	0.00	0.00	<b>0.00</b>	1,000,000.00	0.00	0.00	<b>0.00</b>	0.00	0.00	
3681870	607168AY7	MOBILE ALA INDL DEV BRD SOLID WSTE DISP RV REF-MOBILE ENERGY 6.95% 01/01/2020 607168AY7	0.0100	25.0000	<b>25.0000</b>	0.0100	1.0000	USD	1.0000	195,294.00	48,823.50	48,823.50	<b>0.00</b>	9,294.00	2,323.50	2,323.50	<b>0.00</b>	0.00	0.00	
3BBZCT2	64999BJL9	NEW YORK N Y CITY INDL DEV AGY SPLC FAC REV NORTHWEST AIRLINES 6% 06/01/2007 64999BJL9	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	500,000.00	0.00	0.00	<b>0.00</b>	500,000.00	0.00	0.00	<b>0.00</b>	0.00	0.00	
5C98570	62936EAF5	PVN VI INC 1998-2 HEALTH CARE RCVBLES NT 6.10% 5/1/2004 62936EAF5	0.0000	0.1250	<b>0.1250</b>	0.0100	1.0000	USD	1.0000	0.00	0.00	<b>0.00</b>	7,000,000.00	8,750.00	8,750.00	<b>0.00</b>	0.00	0.00		
5368394	629377AL6	NRG ENERGY INC BONDS-DEFAULT 8.6250% 04/01/2031 629377AL6	0.0000	0.2300	<b>0.2300</b>	0.0100	1.0000	USD	1.0000	63,600,000.00	146,280.00	146,280.00	<b>0.00</b>	56,400,000.00	129,720.00	129,720.00	<b>0.00</b>	0.00	0.00	
5310622	629377AG7	NRG ENERGY INC DEFAULT 8.25% 09/15/2010 629377AG7	0.0000	0.2300	<b>0.2300</b>	0.0100	1.0000	USD	1.0000	23,850,000.00	54,855.00	54,855.00	<b>0.00</b>	21,150,000.00	48,645.00	48,645.00	<b>0.00</b>	0.00	0.00	
5368395	629377AK8	NRG ENERGY INC NOTES-DEFAULT 7.75% 04/01/2011 629377AK8	0.0000	0.2300	<b>0.2300</b>	0.0100	1.0000	USD	1.0000	23,850,000.00	54,855.00	54,855.00	<b>0.00</b>	21,150,000.00	48,645.00	48,645.00	<b>0.00</b>	0.00	0.00	
5219666	629377AE2	NRG ENERGY INC SR NOTE 7.50% 06/01/2009 629377AE2	0.0000	0.2300	<b>0.2300</b>	0.0100	1.0000	USD	1.0000	34,450,000.00	79,235.00	79,235.00	<b>0.00</b>	30,550,000.00	70,265.00	70,265.00	<b>0.00</b>	0.00	0.00	
5075991	629377AD4	NRG ENERGY INC SR NOTE 7.50% 06/15/2007 629377AD4	0.0000	0.2300	<b>0.2300</b>	0.0100	1.0000	USD	1.0000	34,450,000.00	79,235.00	79,235.00	<b>0.00</b>	30,550,000.00	70,265.00	70,265.00	<b>0.00</b>	0.00	0.00	
SBDDFC1	629ESC9Q9	NWA A SEN - ESCROW CUSIP - 2.30% 12/31/2009 629ESC9Q9	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	0.00	0.00	<b>0.00</b>	20,000,000.00	0.00	0.00	<b>0.00</b>	0.00	0.00		
SBDDFC4	629ESC9W6	NWA A SEN - ESCROW CUSIP - 2.39% 12/31/2009 629ESC9W6	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	0.00	0.00	<b>0.00</b>	2,000,000.00	0.00	0.00	<b>0.00</b>	0.00	0.00		
SBDDFC3	629ESC9U0	NWA A SEN - ESCROW CUSIP - 2.52% 11/01/2004 629ESC9U0	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	0.00	0.00	<b>0.00</b>	6,500,000.00	0.00	0.00	<b>0.00</b>	0.00	0.00		
SBDDFC2	629ESC9S5	NWA A SEN - ESCROW CUSIP - 5.52% 10/01/2007 629ESC9S5	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	0.00	0.00	<b>0.00</b>	40,275,000.00	0.00	0.00	<b>0.00</b>	0.00	0.00		
SBDDDY9	629ESC9B2	NWA A SEN - ESCROW CUSIP - 6.36% 03/01/2005 629ESC9B2	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	0.00	0.00	<b>0.00</b>	27,250,000.00	0.00	0.00	<b>0.00</b>	0.00	0.00		
PPH/02	693344AA1	PHP HEALTHCARE CORPORATION SUB DEB CONV 144A 6.5% 12/15/2002 693344AA1	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	18,301,000.00	0.00	0.00	<b>0.00</b>	1,500,000.00	0.00	0.00	<b>0.00</b>	0.00	0.00	
5002347	693344AC7	PHP HEALTHCARE CORPORATION SUB DEB CV 6.50% 12/15/2002 693344AC7	0.0000	0.0000	<b>0.0000</b>	0.0100	1.0000	USD	1.0000	18,301,000.00	1,841,700.00	1,841,700.00	<b>0.00</b>	1,040,000.00	72,800.00	72,800.00	<b>0.00</b>	0.00	0.00	
5395354	G7111WAA1	PIV INVESTMENT FINANCE CV REG S-DEFAULT 4.50% 12/01/2049 G7111WAA1	0.0000	7.0000	<b>7.0000</b>	0.0100	1.0000	USD	1.0000	26,310,000.00	1,841,700.00	1,841,700.00	<b>0.00</b>	1,040,000.00	72,800.00	72,800.00	<b>0.00</b>	0.00	0.00	
5470166	CH0007054015	POLLY PECK EURO #53800 -SF-"DEFAULT" 5.75% 12/31/2010	0.0000	0.5000	<b>0.5000</b>	0.0100	1.0000	USD	1.0000	28,240,000.00	141,200.00	141,200.00	<b>0.00</b>	21,145,000.00	105,725.00	105,725.00	<b>0.00</b>	0.00	0.00	
5478587	CH0007054742	POLLY PECK INTERNATIONAL "DEFAULT" 8.75% 01/03/2010	0.0000	0.5000	<b>0.5000</b>	0.0100	1.0000	USD	1.0000	10,815,000.00	54,075.00	54,075.00	<b>0.00</b>	10,000,000.00	50.00	50.00				

Internal ID	CUSIP	Description	9/12/2008		8/31/08		Price used	Trading Unit	Factor	CCY	FX	Off Qty	Off MV on filing date	Off MV on transfer date	Off P&L	SI Qty	SI MV on filing date	SI MV on transfer date	SI P&L	total
			Price	Price	0.0000	0.0000														
W003885	94769A119	WTS WEBLINK WIRELESS EXP PENDING 2012	0.0000	0.0000	0.0000	0.0000	1.0000	1.0000	1.0000	USD	1.0000	201,455.00	0.00	0.00	0.00	134,303.00	0.00	0.00	0.00	0.00
5322253	55376WAD1	MTS INC SR SUB NOTE 9.375% 03/19/2009 55376WAD1	0.0000	4.5000	4.5000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	4,036,450.00	181,640.25	181,640.26	0.01	2,610,135.00	117,456.08	117,456.08	0.00	0.01
5955774	CH0001188025	SASEA HOLDINGS 3.25% 10/01/2042	0.0000	1.1800	1.1800	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	17,100.00	201.78	208.79	7.01	7.01	
5C58202	393505YCO	GREENTREE FINANCIAL CORPORATION MTGPC/SERIES 7.75% 03/15/2028 393505YCO	0.0000	0.0056	0.0056	0.0100	1.0000	1.0000	1.0000	USD	1.0000	795,000.00	44.63	79.50	34.87	680,000.00	38.18	68.00	29.82	64.69
5273066	195204AA0	COLO.COM SR NOTE 144A - IN DEFAULT 13.875% 03/15/2010 195204AA0	0.0000	0.0082	0.0082	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	4,293,000.00	354.07	429.30	75.23	75.23	
5C48250	393505UY6	GREEN TREE FINL CORP SER 1997-4 MFD HSG SR/SUB 7.73% 02/15/2029 393505UY6	0.0000	0.0056	0.0056	0.0100	1.0000	1.0000	1.0000	USD	1.0000	4,644,999.00	261.43	464.50	203.07	3,956,000.00	222.66	395.60	172.94	376.01
5258646	CH0001129714	MAXWELL COMMUNICATIONS VAR RATE LIQUID 5% 12/31/2050	0.0000	1.0500	1.0500	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	1,897,324.00	19,921.90	20,614.54	692.64	692.64	
5127481	XS004549812	MAXWELL COMMUN 8.375% 09/01/2030	0.0000	0.4500	0.4500	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	7,943,000.00	35,743.50	37,285.67	1,542.17	1,542.17	
5054115	DE0004115027	MAXWELL COMMUNICATIONS EURO DEBS 0% 06/15/2049 G59024AF9	0.0000	0.3100	0.3100	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	16,459,000.00	51,022.90	52,852.07	1,829.17	1,829.17	
5463379	CH0001207908	SAIRGROUP *IN DEFAULT* 5.125% 03/01/2003 H83970AX33	10.1559	10.2564	10.2564	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	115,000.00	11,794.87	14,336.46	2,541.59	2,541.59	
5445610	U29302AJ2	ENRON CORP EURO DEB 0.97% 12/31/2049 U29302AJ2	0.0000	0.0140	0.0140	0.0100	1.0000	1.0000	1.0000	USD	1.0000	213,000,000.00	29,820.00	32,134.41	2,314.41	87,000,000.00	12,180.00	13,125.32	945.32	3,259.73
5573732	717113AA2	PHAR-MOR INC SR NOTE-DEFAULTED 11.72% 09/11/2002 717113AA2	0.0000	0.7446	0.7446	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	1,884,000.00	14,028.53	18,840.00	4,811.47	4,811.47	
5442794	29357YAD5	ENRON CREDIT LINKED NOTES TR STERLINGSLINKED NOTE 7.25% 05/24/2006 29357YAD5	0.0000	1.0000	1.0000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	1,000,000.00	10,000.00	19,998.54	9,998.54	0.00	0.00	0.00	9,998.54	
5446359	U29302AG8	ENRON CORP DEFAULT 0.678% 12/31/2049 U29302AG8	0.0000	0.0140	0.0140	0.0100	1.0000	1.0000	1.0000	USD	1.0000	460,000,000.00	64,400.00	69,398.26	4,998.26	540,000,000.00	75,600.00	81,467.53	5,867.53	10,865.79
5478585	CH0007054882	POLLY PECK 5.625% 09/20/2049	0.0000	0.5000	0.5000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	15,535,000.00	77,675.00	84,680.52	7,005.52	27,855,000.00	139,275.00	144,131.86	4,856.86	11,862.38
5131393	CH0007055665	POLLY PECK INTL FINANCE CHF 6.25% 03/29/2049	0.1766	0.5000	0.5000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	18,090,000.00	90,450.00	98,607.70	8,157.70	18,950,000.00	94,750.00	99,989.10	5,239.10	13,396.80
5271493	CH0000939394	SWISSAIR DEFECTED 5.50% 07/23/2004	0.0000	10.2600	10.2600	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	750,000.00	76,950.00	93,498.66	16,548.66	16,548.66	
5449494	H83970AJ4	SAIRGROUP 2.775% 09/10/2049 H83970AJ4	10.1559	10.2564	10.2564	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	1,750,000.00	179,487.18	210,108.44	30,621.26	30,621.26	
5BBQTY6	36186LAG8	GMACM HOME EQUITY LN TR SERIES 2007-HE2 CLASS A6 6.249% 12/25/2037 36186LAG8	46.2138	44.0000	44.0000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	3,450,000.00	1,518,000.00	1,535,250.00	17,250.00	4,050,000.00	1,782,000.00	1,802,250.00	20,250.00	37,500.00
5461232	CH0001207569	SAIRGROUP ZUERICH VARIABLE RATE 4.125% 02/15/2013 H83970AU9	10.9948	10.5600	10.5600	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	2,035,000.00	214,896.00	235,693.03	38,797.03	38,797.03	
5262964	78442FDQ8	SLM CORP MEDIUM TERM NTS 3.06% 07/27/2009 78442FDQ8	94.5000	88.0000	88.0000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	1,840,000.00	1,619,200.00	1,638,704.00	19,504.00	2,160,000.00	1,900,800.00	1,923,696.00	22,896.00	42,400.00
NWA	667280408	NORTHWEST AIRLS CORP	9.8500	9.8500	9.8500	0.0000	1.0000	1.0000	1.0000	USD	1.0000	416,436.00	4,101,894.60	4,122,716.40	20,821.80	445,643.00	4,389,583.55	4,411,865.70	22,282.15	43,103.95
5381485	125581AV0	CIT GROUP INC NEW SR NT 3.04938% 01/30/2009 125581AV0	97.7330	90.0940	90.0940	0.0100	1.0000	1.0000	1.0000	USD	1.0000	1,650,000.00	1,486,551.00	1,511,730.00	25,179.00	1,350,000.00	1,216,269.00	1,236,870.00	20,601.00	45,780.00
5574272	13135BAE6	CALPINE GENERATING CO 9.07% 04/01/2009 13135BAE6	0.0000	0.2500	0.2500	0.0100	1.0000	1.0000	1.0000	USD	1.0000	14,800,000.00	37,000.00	74,000.00	37,000.00	5,200,000.00	13,000.00	26,000.00	13,000.00	50,000.00
5BBQTZ6	36186LAB9	GMACM HOME EQUITY LN TR SERIES 2007-HE2 CLASS A2 6.054% 12/25/2037 36186LAB9	48.9240	49.0000	49.0000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	3,523,920.00	1,726,720.80	1,761,960.00	35,239.20	4,429,080.00	2,170,249.20	2,214,540.00	44,290.80	79,530.00
5741989	247361VR6	DELTA AIR PTC 1990-G3 10.79% 09/26/2013 247361VR6	84.5000	25.5343	25.5343	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	10,772,000.00	2,750,554.80	2,830,364.54	79,809.74	79,809.74	
5252629	XS0103759089	S-AIR GROUP FIN 7.50% 11/15/2007	0.0000	3.3150	3.3150	0.0100	1.0000	1.0000	1.0000	USD	1.0000	2,270,000.00	75,250.50	124,850.00	49,599.50	1,730,000.00	57,349.50	95,150.00	37,800.50	87,400.00
5666251	125568AB1	CIT GROUP FUNDING CO CDA SR NT 4.65% 07/01/2010 125568AB1	85.7500	65.0000	65.0000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	550,000.00	357,500.00	486,640.00	129,140.00	450,000.00	292,500.00	398,160.00	105,660.00	234,800.00
5169833	963150AA5	WHEELING PITTSBURGH STL CORP SR SECD NT 6% 08/01/2010 963150AA5	55.0000	97.0000	97.0000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	6,705,304.00	6,504,144.88	6,705,304.00	201,159.12	2,274,859.00	2,206,613.23	2,274,859.00	68,245.77	269,404.89
5634664	125577AV8	CIT GROUP INC R/MD 5.09125 12/19/2008 125577AV8	98.6360	93.0000	93.0000	0.0100	1.0000	1.0000	1.0000	USD	1.0000	3,300,000.00	3,069,000.00	3,219,810.00	150,810.00	2,700,000.00	2,511,000.00	2,634,390.00	123,390.00	274,200.00
5435819	CH0003532998	SWISSAIR CORP **IN DEFAULT** 6.25% 04/12/2005	0.0000	10.2600	10.2600	0.0100	1.0000	1.0000	1.0000	USD	1.0000	10,000,000.00	1,026,000.00	1,313,311.99	287,311.99	0.00	0.00	0.00	0.00	287,311.99
5555517	247361VV7	DELTA AIR LINES INC DEL EQUIP TR CTF SER 1990 C 10.79% 03/26/2014 247361VV7	81.5000	34.1771	34.1771	0.0100	1.0000	1.0000	1.0000	USD	1.0000	0.00	0.00	0.00	0.00	5,258,000.00	1,797,031.92	2,108,663.06	311,631.14	

**EXHIBIT 3**

Stonehill's Motion to Re-File Proofs of Claim to Fix Previously Unliquidated  
Claim Amounts or Alternatively for Leave to File Amended Claims

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----x  
In re: : Chapter 11  
: Case No. 08-13555 (SCC)  
LEHMAN BROTHERS HOLDINGS INC., *et al.*, :  
: Debtors. : Jointly Administered  
-----x

**ORDER GRANTING MOTION OF STONEHILL INSTITUTIONAL PARTNERS L.P.  
AND STONEHILL OFFSHORE LIMITED TO RE-FILE PROOFS OF CLAIM TO FIX  
PREVIOUSLY UNLIQUIDATED CLAIM AMOUNTS**

Upon the motion (the “Motion”)<sup>1</sup> dated April 15, 2014 of Stonehill Institutional Partners, L.P. (“Stonehill Institutional”) and Stonehill Offshore Partners Limited (“Stonehill Offshore” and, together with Stonehill Institutional, “Stonehill”) for an order authorizing Stonehill to re-file certain timely filed proofs of claim to fix the amounts of claims previously asserted in unliquidated amounts in the Original Proofs of Claim; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and after due deliberation and sufficient cause appearing therefor, it is hereby:

ORDERED that the Motion is granted; and it is further

ORDERED that Stonehill is authorized to file the Re-Filed Proofs of Claim in order to further detail and fix the amounts of unliquidated claims asserted therein; and it is further

ORDERED that the Plan Administrator is directed to establish and maintain a single aggregate claim reserve in the aggregate amount of \$201,130,440 on account of Stonehill’s claims against Lehman; and it is further

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: \_\_\_\_\_, 2014  
New York, New York

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HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE

ORDERED that Stonehill is authorized to file the Re-Filed Proofs of Claim in order to further detail and fix the amounts of unliquidated claims asserted therein; and it is further

ORDERED that the Plan Administrator is directed to establish and maintain a single aggregate claim reserve in the aggregate amount of \$201,130,440 on account of Stonehill's claims against Lehman; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: \_\_\_\_\_, 2014  
New York, New York

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HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE